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HEARINGS

AND

MARKUP

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

H.R. 2404

MARCH 3, APRIL 21, MAY 12 AND 18,
AND JUNE 8, 1993

Printed for the use of the Committee on Foreign Affairs



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FOREIGN ASSISTANCE LEGISLATION FOR FISCAL YEAR 1994 (Parts 1 and 8)

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HEARINGS ON FOREIGN ASSISTANCE LEGISLATION FOR FISCAL YEAR 1994

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CONSIDERATION OF ANNUAL VIEWS AND ESTIMATES REPORTS

WEDNESDAY, MARCH 3, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 9:45 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The committee will please come to order.
[Whereupon the committee considered other business.]

CONSIDERATION OF ANNUAL REPORT TO THE HOUSE BUDGET COMMITTEE ON THE FOREIGN AFFAIRS (150) FUNCTION

Chairman HAMILTON. The committee is required to report to the House Budget Committee each year on the estimates for budget authority and outlays for programs under the jurisdiction of the committee for the coming year. Generally, this report is due several weeks after the President's budget is submitted to the Congress. Due to the unusual nature of the budget this year the chairman of the Budget Committee, Mr. Sabo, has requested that committees submit their views and estimates by this Friday. I ask unanimous consent that the draft letter before the Members be placed in the record.¹

Based on the preliminary estimates of the international affairs (150) function that I have seen in the past week, I believe that this committee should support the President's request for the 150 function and request that the Budget Committee assume the full amount of budget authority and outlays as estimated by CBO as reflected in the draft letter before the Members. The CBO estimate of the President's request is the baseline from which the Budget Committee determines the figures included in the Budget Resolution.

The committee will examine the President's request in detail when the budget is submitted and make necessary adjustments in the regular authorization process.

It is my view that the President's requested increase for funding for Russia and the other former Soviet Republics is a vitally important initiative. At this critical point in the process of democratization in the former Soviet Union, I believe that the proposed \$300 million increase in bilateral funding sends the right signal to the

¹ The letter referred to appears in appendix 1.

peoples of those republics and to other major donors who should be encouraged to sustain and increase economic support to the newly independent states.

In addition to the President's request for the former Soviet Union, the other notable increase is for the U.S. share of additional U.N. peacekeeping costs. According to the Department of State, the total requested is a conservative estimate of the amount we expect to be assessed in fiscal year 1994 for operations in countries such as Cambodia, Somalia, Yugoslavia, Mozambique, and Haiti. Meeting these commitments in a timely basis will enhance the U.S. ability to shape these peacekeeping operations. This investment in international peacekeeping may avoid bigger and costlier choices in the long term.

I understand Mr. Gilman has reservations about this. I will call on Mr. Gilman.

Mr. GILMAN. Thank you. I request my entire statement be made part of the record.

Chairman HAMILTON. Without objection so ordered.

[The prepared statement of Mr. Gilman appears in appendix 1.]

Mr. GILMAN. Given the difficulty we have encountered in getting specific information on the budgetary effects of the frankly vague preliminary information submitted to us in to this date, I regret I cannot share your view that the committee can support the general outline submitted to us by the President.

Let me state just a few reservations I have regarding the lack of specifics as they affect matters of our committee's jurisdiction. I reflect some of the thinking of my own minority Members.

First, in your proposed committee letter you state the committee supports the President's request, particularly the proposed increases for Russia and other Independent States of the former Soviet Union.

Mr. Chairman, as recently as our February 24 committee hearing on U.S. policy toward the new Independent States there was a question as to whether monies already appropriated to assist Russia and those other newly created states were being utilized in the best fashion. In fact, there was some question as to whether much of the aid funding already authorized had not yet been expended.

Despite this, we are considering a major funding increase in this area without too much of an idea with regard to its proposed specific utilization. Moreover, Mr. Chairman, we are being advised that the budget will reduce our international security assistance considerably over the next few years, but, again, we have not been given any specifics.

It is my understanding the plan is to provide the anticipated levels of funding for Israel and Egypt as the talks exploring the prospects for long-term piece in the Middle East continue. Once again, we have very limited authoritative information and, frankly, along with some of my colleagues, I would like more specific information.

Finally, Mr. Chairman, preliminary information we have received indicates there will be a considerable reduction in the foreign military financing that is intended to help nations like Colombia and Bolivia in our joint efforts in the fight against drugs. At this crucial point in the counternarcotics war, with extensive drug smuggling and addiction threatening our society, do we want to en-

dorse a vague budget that might cut back deeply on our vital efforts in that area?

Mr. Chairman, the Minority will take the opportunity given it under the Budget Act to submit separate minority views to the Budget Committee. Our minority views will be provided to the committee within the required 3 day time period and will also be forwarded directly to Budget Committee Chairman Sabo and Ranking Member Kasich in a separate letter.

I thank the gentleman for this opportunity to present this minority view.

[The minority views appear in appendix 1.]

Chairman HAMILTON. I thank the gentleman for his cooperation.

I do understand some of the concerns about the vagueness of the budget figures that you have identified in your statement. We certainly do not have all of the budget figures. We are under a mandate from the Budget chairman who wants our views by this Friday, and I think this committee wants to comply with the requirements of the Budget Act and the request of the Budget Committee chairman.

The two major proposed increases that we are talking about are the \$300 million assistance for Russia and the \$146 million for peacekeeping. Without those proposed increases the international affairs function would reflect a sizable cut. In my view and the majority view those are important items for our peace and security. I don't want to oppose them at this time.

I think the gentleman has indicated the right way to proceed. We will send our letter on the part of the Majority. You send yours on the part of the Minority. We know we will have to get into this in greater detail down the line.

Mr. Roth, do you have a comment?

Mr. ROTH. Mr. Chairman, just 30 seconds. I have real concerns, too.

I think a letter to the Ranking Republican and Democratic chairman of the Budget Committee could be three words, cut, cut, cut.

Let me give an example. Last year, we had \$417 million for the Soviet Union. As I understand, so far they spent \$10 million. Now we are asking for \$300 million additional.

AID has not been addressed. We have the United Nations' problem. The day before yesterday I read our former Attorney General Thornburgh was talking about the waste, fraud and abuse at the U.N. Now we are getting a big increase for the U.N. again.

I think it's incumbent on us, Mr. Chairman, to look at what the former Attorney General has found and have him come in and explain to us because we certainly can't cut back and tax our social security recipients and then put these huge increases in for the U.N.

Chairman HAMILTON. Mr. Thornburgh will testify Friday of this week.

Mr. ROTH. Oh, thank you.

Chairman HAMILTON. You make some good points. I understand your concerns and intend to work with you on these matters, but, for purposes of meeting this requirement now, I think we should proceed with the two letters.

Thank you very much, Mr. Roth, for your statement.

Mr. ROTH. Thank you.

Chairman HAMILTON. We stand adjourned.

[Whereupon, at 12:12 p.m., the committee was adjourned.]

U.S. FOREIGN ASSISTANCE TO THE NEWLY INDEPENDENT STATES

WEDNESDAY, APRIL 21, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 9:45 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The meeting of the House Foreign Affairs Committee will come to order.

Today's meeting of the Committee on Foreign Affairs marks the first open meeting of the committee since this room was redecorated.

The art work on the walls, all painted by American artists, is on loan from the Department of State through its Art Bank Program. I am grateful to Secretary Christopher, Lisa Kuhn of the State Department and Elizabeth Daoust, Protocol Officer of the committee, for their efforts enabling the committee to obtain and show these works of art.

I have asked the Department of State to provide us with some background information on the artists and their work. The officials of the Art Bank Program have assured us it will be possible to rotate these paintings from time to time in exchange for other works as they become available.

As you can see, the portraits of the three previous chairmen remain in this room. The portraits of former chairmen previously hanging here have been moved to our other committee rooms, and the memorial plaque in honor of our former colleague, Leo Ryan, is hanging in the anteroom of this chamber.

I hope you will take pleasure and pride in the works of these young American artists.

Now for the business at hand. The Committee on Foreign Affairs meets today in open session to discuss U.S. foreign assistance to the newly independent states. We will hear testimony from the Honorable Strobe Talbott, Ambassador-at-Large, Special Advisor to the Secretary of State for the Newly Independent States of the Former Soviet Union. We first congratulate Ambassador Talbott on his confirmation and welcome him in his first appearance before the committee in open session.

There are several topics of interest to the committee today: U.S. assistance programs, the Vancouver Summit, the G-7 meetings in Tokyo, the political situation in Russia, the status of Russian economic reform, overall U.S. assistance strategy, U.S. assistance pro-

grams in the newly independent states, and implementation of nuclear disarmament and nuclear nonproliferation programs.

I have asked Ambassador Talbott to limit his opening remarks to 10 minutes. His prepared statement will be entered into the record in full. After those opening remarks, we will turn to members of the committee for questions under the 5-minute rule.

Without question, of course, the success of democratic and economic reform in Russia is the most important U.S. foreign policy issue today, and we wish Ambassador Talbott and his colleagues much success in this very difficult assignment.

The Chair will recognize the ranking member, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I want to join you in welcoming Ambassador Strobe Talbott. We congratulate him on being sworn in to his new responsibilities. We regret that he was not there during our recent visit to Russia, just a week or two ago, with the leadership. I know they are looking forward to having him on hand at the earliest possible date.

We are particularly interested in detailed proposals of our proposed aid to Russia and we welcome your thoughts with regard to it. I look forward to hearing your testimony, and we wish you success in all your new endeavors.

Chairman HAMILTON. Mr. Ambassador, you may proceed.

STATEMENT OF HONORABLE STROBE TALBOTT, AMBASSADOR-AT-LARGE AND SPECIAL ADVISOR TO THE SECRETARY OF STATE FOR THE NEWLY INDEPENDENT STATES OF THE FORMER SOVIET UNION, DEPARTMENT OF STATE

Ambassador TALBOTT. Thank you, Mr. Chairman, and thank you, Mr. Gilman.

Even in your opening remarks, Mr. Chairman, about the art work in this room, you set a tone which I will, I hope, reinforce of cooperation between this committee and the Department of State, and I gather that you have asked the State Department to provide you with additional information about the paintings in this room, and the Department of State has said that it will get back to you on that, and no doubt that is a line that I will be using occasionally during these proceedings.

I do appreciate the opportunity to continue a dialogue that has already begun between the administration and the Congress on our policy toward Russia and the new independent states. And as you suggested, I have shortened considerably my opening statement. The prepared text you have is for the record.

I think it is important that in my appearance before you here today I do at least as much listening as I do talking. That will always be the case when you invite me to meet with you, but it is especially true today, because the Clinton administration sees its effort to develop the most effective possible policy toward Russia and the other new independent states of the former Soviet Union as a collaboration between the Executive and the legislative branches of the government. That has been the case from the very beginning. You and your colleagues in both Houses have already had considerable influence on what we in the administration have done so far. Let me cite just a couple of many examples.

In late March, as President Clinton prepared for the Vancouver Summit, you, Mr. Chairman, shared with the President and a number of his advisors, myself included, some recommendations. We listened. Several points that you stressed are now part of our policy as I hope was apparent in Vancouver and I hope will be apparent in my remarks over the next few moments.

I have also benefited from a conversation with the committee's ranking member on the minority side. That is Mr. Gilman. While Mr. Leach is not here, I hope you will pass on to him my thanks for sharing a long and thoughtful letter he sent to President Clinton. It dealt particularly with how the United States should make use of the international financial institutions. And in my testimony about the G-7 Tokyo meeting last week, I hope that you will hear, and that Mr. Leach will see when he reads the proceedings, how much of his advice we have indeed taken.

The administration's deliberations with Congress will continue. Right now the President, the Secretary of State and others are consulting intensively with your colleagues on the composition and the most appropriate funding mechanisms for a key part of our policy, and I intend for my appearance before you today to be part of that process.

After all, Mr. Chairman, we have a job ahead of us so big that we must work together to get it done, or even to get it started properly. The task of your committee may be to draft legislation while the task of our administration is to craft policy. But on the issue before us in this hearing what we are really doing, and I would stress what we are doing together, is nothing less than helping to shape history, because a historic struggle is now underway in Eurasia. It pits those who brought down the Soviet Communist system against those who would like to preserve its vestiges, if not restore its essence. It pits those who are determined to build a proud and successful future against those who would cling to a cruel and shameful past. In short, it pits reform against reaction. And that struggle will last for decades, and we have a huge stake in its outcome.

Yet while taking the long view, we have had no choice but to act quickly, because the beginning of this administration has coincided with the most serious crisis in Russian politics since the collapse of the USSR. Four days from now, on April 25, Mr. Yeltsin faces a referendum in which he will go over the heads of his opponents in the parliament and put his leadership to a popular test.

One reason that President Yeltsin is embattled today, one reason that the conservatives are in the ascendant in Russia is that a great many Russians identify reform with hardship; that is, they identify reform with skyrocketing prices, falling living standards and deteriorating social order. Unless President Yeltsin's reformist government is able to build a broader constituency for its policies in the months to come those policies and that government will continue to be embattled.

Thus, our administration has had to move boldly, in a way that reflects our sense of urgency, yet demonstrates our commitment to the long haul. We must do what we can from the outside to make the benefits of reform more visible and tangible to the people on the inside; that is, to average Russians. At the same time we must

find targets for our support that represent trends that we hope will become over time irreversible so that we end up supporting not just a single leader or leadership, but an ongoing process that can survive the buffeting of political and economic setbacks. In other words, we are trying to develop a policy that has both near-term impact and long-term staying power.

We believe that these objectives are entirely compatible. Moreover, we believe that both are evident in the four steps that the administration has already taken in support of reform.

First, the \$1.6 billion initiative that President Clinton unveiled in Vancouver on April 4; second, the \$28.4 billion package of multilateral measures to which the G-7, led by the United States, committed itself last week; third, the additional \$1.3 billion in bilateral programs and several new proposals for multilateral programs that the administration also announced in Tokyo; and, finally, the \$704 million Freedom Support Act component of the Fiscal Year 1994 budget.

Mr. Chairman, if you will permit, I will say a little bit more about each of those.

The President's Vancouver package is intended to meet the key needs that the Russian reformers themselves have identified as crucial to their success. Just to take one example, in Vancouver, President Yeltsin singled out housing for returning and demobilized officers of the old Soviet armed forces as a top priority. It is in our interest as well as his to see the continued withdrawal of the troops from the neighboring countries of the former Soviet Union next to Russia continues, and that that especially be true in the Baltic States.

Ten days after the Vancouver summit Secretary of State Christopher and Secretary of Treasury Bentsen traveled to Tokyo for a meeting of the G-7. That meeting was a triumph of burden-sharing. It resulted in a commitment on behalf of the G-7 to help Russia restructure key sectors of its economy and to divest itself of inefficient state enterprises, finance critical imports and stabilize its currency.

The Tokyo meeting demonstrated two vital themes in this administration's policy. First, we, the United States, are in partnership with our fellow industrial democracies; and, second, that we, the industrial democracies, are in partnership with the Russian reformers who are trying to transform their country into an industrial democracy in its own right. This means setting standards for Russian performance that Russians themselves can reasonably meet.

The Russian economy, which has been flat on its back for so long, must learn to walk before it can run. Each incremental step that they take must be matched by prompt, demonstrable benefits to the Russian economy and that means to the Russian people.

In Tokyo, we did more than just improve on the multilateral efforts of the past. We also put forward some genuinely new ideas. Under one American proposal the G-7 would create a special privatization and restructuring fund. This fund, which, by the way, the Russian reformers themselves endorse heartily, would help ease the economic and social consequences of privatizing some of

the more than 20,000 medium and large-scale enterprises currently owned and run very inefficiently by the state.

The United States has told the G-7 that the administration would seek from Congress a half a billion dollar challenge grant for this privatization fund, to be matched by some \$1.5 billion in contributions from the other G-7 countries.

Here again, Mr. Chairman, please note one of the central elements of our policy. The United States is not only demonstrating its leadership; it is using its leadership to leverage significantly more money from the international community.

Now, Mr. Chairman, let me say a bit about the new package of U.S.-Russian bilateral initiatives that President Clinton announced simultaneously with the G-7 meeting last week.

You will recall that at Vancouver the President indicated his intention to go beyond the \$1.6 billion program that he had announced there. He would, he said, seek additional support for certain high priority areas, taking into account what he had heard from President Yeltsin. Therefore, after hearing from Mr. Yeltsin how crucial the issue of officer housing is, President Clinton decided to expand that program so that the United States can finance the construction of several thousand units for returning officers.

The second U.S. bilateral package announced in Tokyo will also strengthen programs in other high priority areas such as energy, and nuclear reactor safety. We will also expand our efforts to increase dramatically the number of people-to-people exchanges. On this last point it is our feeling, and I believe that of many of your colleagues with whom I have talked, that if thousands of students, teachers and budding entrepreneurs are given the chance to study and train in this country, they will take back home with them not just facts and know-how, but also a view of a successful democracy and a free market based on real experience which they can then translate into the experience of their own country.

To broaden bilateral trade and investment, the administration also intends to provide additional credits and guarantees to the Export-Import Bank and the Overseas Private Investment Corporation, directly supporting American companies and American exports. My point here, Mr. Chairman, is that in these areas the benefits are mutual. We are not just giving things away. We are getting something back in return.

Mr. Chairman, in this broad-brush review of the second U.S. bilateral package, I have purposely not attached specific dollar figures to the various program. That is because we hope over the next weeks to have consultations with members of this committee and others as we make final decisions on the magnitude of the various components of the additional request, and also the most appropriate funding mechanisms.

Now, before making myself available to your questions, Mr. Chairman, let me make a final point. Much of what the administration has done so far and much of what I have said here this morning has been focused on Russia. That is appropriate given the sheer size of that country, as well as the magnitude of the problems that it poses, and indeed of the opportunities that it represents.

However, this administration's efforts will be directed at reform in all the new independent states. A significant share of the grants and credits announced in Vancouver and Tokyo will be directed toward the other countries that have emerged from the former Soviet Union as well.

Once again, Mr. Chairman, please note the recurrence of a basic element of our policy, and that is that the target of our efforts is a process that is underway throughout Eurasia, in many places, in many forms, at many levels. As you and your colleagues examine the specifics of our policy, I think you will see that they reflect our determination to support reformers wherever they are to be found, whether in capitols like Moscow, or Kiev, or Bishkek, or in the farthest reaches of those countries, large and small; whether in the Kremlin or the parliaments or the regional governments and municipalities, right down to the grass roots. We have concentrated to the greatest extent possible on targets of our support outside of Moscow and on the nongovernmental sector.

And in that connection, since we are trying to nurture the growth of private sectors in the new independent states, it is natural that we should enlist the American private sector as well, and that too is a common denominator of the initiatives that we have put forward. We have looked for and found many opportunities to advance our own economic interest simultaneously with Russia's. That is perhaps the overall theme of the programs that we are asking you to support, Mr. Chairman, and it is reflected in our choice of words.

As my colleagues from the administration come before you in the weeks and months to come, you will hear us speak about U.S.-Russian economic engagement, and partnership, and cooperation instead of assistance and aid. You will hear us speak about building a strategic partnership with post-Soviet reform. In that terminology we are not resorting to euphemisms. Rather, we are expressing what we believe to be a fundamental aspect of our policy. All the programs that I have outlined for you today are intended to benefit both Russia's people and our own. In economic as well as political terms, we see our policy as a long-term investment in the future that we and Russia and the other new independent states have in common. We believe that only a policy which has that feature of mutual benefit can be effective and sustained, and only such a policy deserves the support of the Congress and the American people.

Thank you for your attention and I will try to be as responsive as I can to any questions you may have, and receptive to any advice you may have for myself and my colleagues in the administration.

[The prepared statement of Ambassador Talbott appears at the conclusion of the hearings.]

BUDGETARY IMPACTS OF THE BILATERAL PROGRAMS

Chairman HAMILTON. Thank you very much, Mr. Ambassador. I want to do two things. First, I want to get an idea of the budgetary impacts of the several programs that you have announced and the fiscal years in which those budgetary impacts will occur. And then, secondly, I want to bring up with you the question of conditionality.

First, with regard to the several packages, a \$1.6 billion package for fiscal year 1993 was announced in Vancouver on April 4. A \$1.8 billion package—I think you described it as \$1.3 billion, but we are talking about the same package here, because of the additional \$500 million special fund—additional U.S. assistance was announced at the Tokyo meeting. The third package is \$700 million in U.S. assistance for Russia and the NIS for fiscal year 1994, plus an additional \$400 million from DOD for the dismantling weapons.

I think those are the essential bilateral programs. Do you know what the outlay impact is with regard to 1993 and 1994 of what you are requesting?

Ambassador TALBOTT. With your permission, Mr. Chairman, I would like to invite to the table my colleague, Dan Speckhard, of my own staff who can get a little deeper into the details than I can.

But let me just in general say that the important thing that we would like to stress about the first Vancouver package, that is, the initial set of initiatives that the President unveiled during the summit, the \$1.6 billion program, that is based on existing monies and existing programs.

Chairman HAMILTON. No outlay impact there? No additional outlay impact?

Ambassador TALBOTT. Mr. Speckhard will at least refine what I am telling you in just a second, and I do appreciate your highlighting what may have seemed like a discrepancy on the second Vancouver package, the one that was announced. I call it the second Vancouver package because the President promised that he was going to be doing something like this when he was in Vancouver and it was announced last week in Tokyo.

It is \$1.3 billion of bilateral program.

Chairman HAMILTON. Yes.

Ambassador TALBOTT. The additional \$500 million is this challenge grant to the G-7 for the special privatization fund.

Chairman HAMILTON. All right.

Ambassador TALBOTT. The \$704 million is what we are asking for in the fiscal year 1994 budget for the Freedom Support Act. This is about a 75 percent increase over the fiscal year 1993 level. And then, of course, you added one element that I did not mention, which is the additional \$400 million in Nunn-Lugar support in addition to the \$800 million of fiscal year 1992 and 1993 in Nunn-Lugar. And I might say in that connection that here again we are trying to leverage international support as well. The United States has committed itself to spending \$1.2 billion for the very important, and I would say internationally important, cause of assuring the safe dismantlement of nuclear weapons that are to be dismantled or destroyed under the terms of the arms control agreements. We have asked the G-7 to at least match our commitment, and to set up a G-7 fund with the same aim.

Chairman HAMILTON. All right.

Ambassador TALBOTT. But if I could ask Mr. Speckhard to take the microphone for just a second.

Mr. SPECKHARD. Thank you, Mr. Chairman.

I think the key word was "additional" outlays when you were talking about the Vancouver package, the \$1.6 billion announced by the President, but the President is committed to moving that

money very quickly so that the outlays may move more quickly on those programs than we had earlier anticipated. But there will be no additional expenditures beyond what has already been appropriated by Congress.

In terms of the \$1.3 billion in additional——

Chairman HAMILTON. Does that include the Food for Progress Program?

Mr. SPECKHARD. That includes the Food for Progress Program, about \$700 million in Food for Progress credit sales to be delivered this year.

Chairman HAMILTON. OK.

Mr. SPECKHARD. On the second piece, the \$1.3 billion announced in Tokyo, we cannot give you specific outlay estimates on that yet, because we are currently still working with members of this committee and other members of Congress to define exactly the program content of that \$1.3 billion.

Chairman HAMILTON. That is 1994?

Mr. SPECKHARD. That is fiscal year 1994. Those outlays will start in fiscal year 1994. Excuse me. Congressman Berman is correcting me, and rightly so. We are still working with Congress on the timing of when those funds will be made available to the Russians for these programs.

Chairman HAMILTON. All right.

Mr. SPECKHARD. We have not yet made any final decisions on how to seek those funds. What the President, in reviewing this package, has focused on is the next 18 months, so we have about 6 months left in this fiscal year, plus part of next fiscal year. But we cannot tell you how quickly the outlays will spend out until we know exactly the program content.

So what you have in fiscal year 1993 is \$1.6 billion. You have \$1.3 billion in additional bilateral assistance that will cover both fiscal year 1993 and 1994, and you have the \$704 million in FREEDOM support money that is being requested in the budget for fiscal year 1994.

Chairman HAMILTON. The 1.3 is in both fiscal years, is that right?

Mr. SPECKHARD. That is correct, sir.

Chairman HAMILTON. But you do not know the distribution of that yet?

Mr. SPECKHARD. We do not know the distribution of that. We would like, and it is the President's intent, obviously, as it was with the initial package announced in Vancouver, to move as quickly as possible in providing additional support to the Russians. So we are hopeful that this additional support can be made available as soon as possible.

Chairman HAMILTON. OK, let me just express the hope that we will get as quickly as possible from you the outlay figures for 1993 and 1994, for this package. I think you can appreciate the importance of this information. I want to ask some questions, which I will do at a later time, with regard to the multilateral program and the budgetary impact that it will have.

CONDITIONS ON ASSISTANCE

But before my time expires, Mr. Ambassador, let me go to the question of conditionality. You know, I am sure, that in the Freedom Support Act that was passed in 1992 there were fairly extensive conditions put upon that money, and there was also a Presidential waiver.

The question is are you requesting any kind of discipline on the part of the Russian Government or other republics that might receive any assistance under this request? What must they do in return for this assistance in terms of their own discipline?

For example, must they get their monetary policy under control? What happens if they just keep printing rubles as they have been doing? What does that mean with respect to this program? What is the conditionality?

Ambassador TALBOTT. Mr. Chairman, it is a critical question, and it goes in some ways to the heart of the partnership that we are trying to establish with the Russian reformers, and I hope that, in attempting to answer your question, I can reinforce the point that there really is a partnership, because the key thing here is that the Russian reformers themselves want a kind of conditionality.

Now, that word, of course, is not one that recipients of international assistance ever like to see belabored too much, but the fact of the matter is that the Yeltsin government, and particularly the key ministers involved in economic policy, believe that external support is necessary, but they also believe that external support to their economy should be synchronized with steps that they themselves want to take, and particularly steps along the lines that you are discussing.

One way to look at the political crisis in Russia right now, Mr. Chairman, is that it is a struggle between the parliament and the presidency over the central bank on just this issue, the emission of credits to large, inefficient state enterprises and the hyperinflationary or at least inflationary printing of money.

One of the most encouraging things that I have seen during the period that I have been working on this is the performance put on by key Russian ministers when they have met both with officials of our own government and with the G-7. They have made clear that it is their intention, particularly if all goes well for President Yeltsin on April 25, to try to impose much more discipline on both the fiscal and monetary policies of the government and of the bank.

Chairman HAMILTON. Let me interrupt you, if I may, Mr. Ambassador.

When you send up legislative language to this committee for consideration, will there be conditions in that language?

Ambassador TALBOTT. Conditionality comes into play with respect to the multilateral programs that we have been part of.

Chairman HAMILTON. Bilateral assistance, will there be any conditionality?

Ambassador TALBOTT. Our bilateral programs are largely humanitarian assistance, privatization and democratization. We are targeting as much as possible, as I was saying in my opening comments, to the nongovernmental sector. It is in the multilateral sup-

port for systemic reform in Russia that conditionality comes into play, and it will be very much part of what the G-7 proposes to do and what the international financial institutions propose to do. If I could just cite one example to assure you on this.

One of the new elements in the G-7 package announced last week was what is called a systemic reform facility, available through the international financial institutions, and it will make about \$3 billion available to the Russian economy. But the first one half of that, the first \$1.5 billion will not be available to the Russian Government until it undertakes to impose discipline on monetary and fiscal policy, and that means bringing down inflation and doing something about their budget deficit.

Chairman HAMILTON. But the announcement in the paper this morning with respect to that, of course, indicates that, although they are not going to have the kind of conditionality they have had in the past, Russia would not have to commit itself to meeting specific targets in cutting inflation and budget deficit in that IMF arrangement. So what is happening here is that there is relaxation even on the IMF side with respect to conditionality, relaxation which, incidentally, I support.

Ambassador TALBOTT. I know you do.

Chairman HAMILTON. I think it is necessary. But I am also concerned about the shape of the bilateral package. Let me just ask one other question with regard to this.

If the worst happens, and trends do not go right in Russia, I presume our assistance program is reversible?

Ambassador TALBOTT. May I respond to the first point first?

Chairman HAMILTON. Sure.

Ambassador TALBOTT. And that is, I would say rather than relaxation, our approach and our G-7 partners' approach to conditionality is more realistic. What we have done in the past, and particularly what the G-7 did last year, was set a high jumping bar at 7½ feet, and then expect the Russians to jump over it.

What we are trying to do now is to improve their high jumping skills, and to start the bar at a level that they can get over, and then as they get stronger and get more proficient we will raise the bar, with the goal, of course, that they will be better high jumpers and that their economy will move in a step-by-step fashion toward being a modern and successful economy.

Now, in general, I am a bit wary about getting into hypotheticals about what will happen if there are major political changes, but I certainly take the point of your question, and I would stress that we have, to the greatest extent possible, targeted particularly our bilateral programs outside of the government sector. We believe that, while there will certainly be ups and down, and zigs and zags in Russian politics, that the overall trend line of reform is there and we hope to be able to stay with that trend in as many ways as possible.

Now, if the policies of the Russian Government change in a way that make things that we are now talking about inappropriate, of course we will have on our own and in consultation with you ways of revisiting those issues.

Chairman HAMILTON. You will have flexibility?

Ambassador TALBOTT. Yes.

Chairman HAMILTON. Well, you can imagine a circumstance, for example, in which the central bank just keeps printing money. And if they just keep printing money as they have done in the past, then all of this aid will be for naught. So these matters become exceedingly important, and I support the approach that you are advocating this morning, and I appreciate the sensitivity you have to these matters.

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

CONDITIONS ON ASSISTANCE FOR RUSSIA

Mr. Ambassador, to followup on the last question by Chairman Hamilton about printing money, hyperinflation is one of the chief problems threatening the future of market economic reform in Russia.

What specific steps are we calling on the Russian Government to undertake as we provide assistance? For example, removing control of the central bank from the parliament. When we met with Mr. Rutskoi, he favored going back to the centralization of financing in the central bank.

How about cutting the budget deficits? I know we are the last ones that should be talking about cutting budget deficits, but Mr. Yeltsin certainly has that problem as well, together with cutting credit creation and privatizing state enterprises. They seem to be moving in the right direction but need a great deal more motivation. They should focus on creating a workable bankruptcy law and limiting the ruble to the territory of Russia. What is Russia's game plan for all of these difficult steps, and how are we going to motivate them to move forward on that? Can Yeltsin really do something about it after the referendum, if he is successful?

Ambassador TALBOTT. We believe that he can. We believe that he is committed to doing so. We believe that the ministers that he has assigned to the key portfolios, and I would single out the Deputy Prime Minister, and Finance Minister, Boris Federov, are both determined and capable in this regard.

There are two ways that we can provide incentives for them to do what the reformers there recognize they must do in their own interest. One returns to my answer to the chairman's question of a moment ago. And that is that we can phase and target and synchronize, particularly our multilateral, macroeconomic support for Russian reform in ways that rewards them for steps that they ought to take for sound economic reasons, but that do bear political cost.

Now, let me say just a word about that, and it gets to my second part, the second thing that I wanted to emphasize here. And that is the proposed G-7 special privatization and restructuring fund. This would be, if we can get our G-7 partners to join us in financing it, a \$2 billion facility. It could be cofinanced by the World Bank and the European Bank for Reconstruction and Development. Up to \$4 billion of that would be available to help the Russians cope with the consequences of breaking up these leviathan state enterprises, and privatizing them. This is going to be inevitably a highly disruptive process after all of these decades, and there are going to be economic and political costs.

If the international community can find a way of helping the Russians bear some of those political and economic costs, it will be easier for reformist government to undertake those policies.

Mr. GILMAN. Well, I think it is going to be extremely important that we attack all of those items that I mentioned in order to make certain that all of the other funding that goes to Soviets are going to be worthwhile to the Russians. I am sorry to keep going back to the term "Soviets".

Ambassador TALBOTT. I do it myself occasionally, Mr. Gilman.

\$1.8 BILLION ADDITIONAL ASSISTANCE

Mr. GILMAN. Mr. Ambassador, can you tell me how we are going to proceed with the \$1.8 billion in additional assistance announced in Tokyo? Will you be coming up to the Congress with a supplemental request, and what is your timetable for that?

Ambassador TALBOTT. Our timetable, in a way, has already begun. That is, as President Clinton made clear when he announced his intention to come forward with an additional set of proposals on April 4 in Vancouver, he said that there were two things that he wanted to do. Actually, there were three. One was he wanted to take full account of what he had heard from President Yeltsin. Another was he wanted to send Secretaries Christopher and Bentsen to the G-7 meeting in Tokyo, to make sure that our bilateral efforts were catalyzing an acceleration and an intensification of multilateral efforts on the part of the G-7. And, last but by no means least, he wanted to engage in intensive consultations with the Congress. As I indicated in my opening statement, those consultations have begun. We are trying to get as much input as we can from you and your colleagues both on the composition and on the funding mechanisms, and no final decisions have been made on either count. But we want to move, obviously, as quickly as possible.

Mr. GILMAN. You do not have a timetable at this point?

Ambassador TALBOTT. Other than to say we want to do this as quickly as possible. As Mr. Speckhard indicated a moment ago, that is an overall theme in President Clinton's approach to the whole problem of support for Russian and NIS assistance. We want to take full account of the urgency of the situation in that part of the world, and we want our response to be prompt, as well as effective, and felt on the ground.

Mr. GILMAN. Can you speculate for us roughly what timeframe you're taking about?

Ambassador TALBOTT. I really cannot responsibly speculate, Mr. Gilman.

Mr. GILMAN. Where would the funding come from for this \$1.8 billion measure?

Ambassador TALBOTT. I think that the President, and indeed your colleagues want to maintain maximum flexibility on that score, and I should do everything I can to preserve that for them.

\$6 BILLION RUBLE STABILIZATION FUND

Mr. GILMAN. Under what terms and conditions will the \$6 billion ruble stabilization fund be used for Russia? Do we not need inflation under control and macroeconomic stabilization first before we

start digging into that fund? And when do you think you might be able to reach that kind of a goal?

Ambassador TALBOTT. The \$6 billion stabilization fund, as you will recall, Mr. Gilman, was also a feature of the ill-fated and we would suggest rather ill-considered \$24 billion G-7 package of last year, would come into play only when there is good reason to believe that it would serve its purpose. That is, backing up a ruble which is moving briskly toward stabilization, and that would be only when a couple of other things had happened; namely, when the central bank had gotten control of credit emissions and also when an International Monetary Fund standby had succeeded in focusing and achieving, or providing incentives for progress toward a considerable shrinking of the Russian budget deficit, and moving expensive state enterprises, which are draining off rubles and credits now, into the private sector.

REMOVAL OF COLD WAR RESTRICTIONS AND LANGUAGE

Mr. GILMAN. Mr. Ambassador, just one last question, Mr. Chairman. At the summit President Clinton was pressed, as we were when we visited Russia the last few weeks, to remove cold war restrictions and language regarding Russia such as Jackson-Vanik, COCOM, captive nations, weak legislation, saying that now we want to be an equal trading partner, and he did not see the necessity for all of that, and we keep hearing that from some of the other states, the independent states.

What are your thoughts about that? Are you going to be making some request to the Congress with regard to removing any of those restrictions?

Ambassador TALBOTT. Yes, indeed, Mr. Gilman. We are—almost literally from the moment that Air Force One touched down in Washington after returning from Vancouver a group has been working on that issue, set of issues, in several ways.

First of all, we have done an inventory of the various pieces of legislation which President Yeltsin made clear that he considers to be legacies of the cold war and which he said, by the way, he considered to be personally offensive to him as the democratically elected leader of a post-Communist Russia. We have also been consulting very closely with Congress, because, of course, Congress has a considerable interest and considerable authority here, and we have been consulting with our allies, because several of the measures involved, such as COCOM, are cooperative measures involving our NATO and other allies. And I hope that in the next several days the administration will be in a position to make some announcements in this area.

Chairman HAMILTON. Will the gentleman yield?

Mr. GILMAN. I would be pleased to yield to the chairman.

Chairman HAMILTON. Mr. Ambassador, this is an important matter, and Mr. Gilman and I want to work closely with you on it. Just to give you some idea of our situation on this, in order to meet the legislative requirements to get something through the House this year, I would think we would need to have your recommendation by July 1, in order to move a bill through. So I pass that on for your consideration.

Ambassador TALBOTT. Mr. Chairman, while I was reluctant to speculate on timetables a moment ago in another context, I can with confidence assure you that we will be able to meet that deadline.

Chairman HAMILTON. All right.

Ambassador TALBOTT. And with time maybe to spare.

Chairman HAMILTON. All right. Well, if you can come in ahead, Mr. Gilman and I would be pleased, but July 1 is the deadline.

Ambassador TALBOTT. Yes, sir.

Chairman HAMILTON. Thank you, Mr. Gilman, for raising the question.

Mr. GILMAN. Thank you, Mr. Chairman. Just one last thought.

ASSISTANCE IN THE FORM OF EXPERTS

As some of us met with some of the leaders in Russia a few weeks ago, they continually stress from different viewpoints how important it was, in addition to funding, that even more important was to make certain we send over our technical experts, our experts in banking, our experts in marketing, our experts in helping them get some decent commercial law put in place.

I hope that in all of your considerations you are going to give that some primary attention, because all of the funding and all of the other aspects are not going to be very helpful if we do not have an economic climate in place, an administrative climate in place that can help us move forward.

Ambassador TALBOTT. It is not, as you have quite rightly said, just a matter of funds and policy. It is also a matter of doing everything we can, and that means our private sector as well, to try to help Russia and the other new independent states change what I would call their economic culture. And as I am sure your interlocutors on your trip stressed to you the kind of exchanges and technical assistance missions that do them the most good are those that have our people go and spend considerable amounts of time there, actually working in their enterprises, and under the broad category of privatization support, which features in virtually all of the components that we are talking about this morning, we are going to do everything we can to support that.

Mr. GILMAN. Thank you, Mr. Ambassador.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Lantos. Mr. Lantos, I want to express my appreciation to you for continuing the meeting with the President of Romania while I began this hearing, so I have taken the liberty of letting Mr. Lantos have his normal position in the order of call.

Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

I want to apologize to our distinguished Ambassador, but we had a meeting with the President of Romania.

Ambassador Talbott, I think the President, the Secretary and you deserve an enormous amount of credit for getting this program underway. And speaking for myself, you have my full, unqualified and enthusiastic support. Let me just say that I have enormous concerns about the possible success of this venture. I would like to outline some of those concerns and get your reactions.

A couple of weeks ago a number of us under the leadership of Mr. Gephardt and Mr. Michel visited Russia, and we had the occasion of having lengthy and substantive and I think very candid discussions with Mr. Yeltsin, Mr. Rutskoi, the head of the parliament, the head of the constitutional court. Several of us met with the Foreign Affairs Committee. And while I have been going to the former Soviet Union since 1956, this in many ways was the most depressing and uneasy visit.

NATIONAL INVOLVEMENT IN THE FORMER SOVIET UNION

I do not believe that the American people understand how tenuous the position of the good guys is; how chancy this whole thing is; how easily things could be overturned. I think what is called for on the part of the administration, the part of those of us in Congress, who are convinced that you are on the right track, on the part of the mass media, on the part of all opinion-makers and opinion-molders, is to ask a very simple question: how much would we have been ready to pay 5 years ago had someone said that one could wave a magic wand and the Soviet empire would collapse, that there would be free and open and democratic elections, a free press, and a total and cataclysmic change in the global environment?

It seems to me that this message has not yet gotten through. I think it is also obvious that unless American institutions in the private sector, from airlines to hospitals to colleges, get involved with you in a major way the \$1.8 billion is not going to go very far. We will have to develop together mechanisms involving programs. For instance, I mentioned the airlines. Our airlines should be inviting over flight attendants from the Soviet Union at the expense of the airlines, and put them through the same training program that our flight attendants go through, so when they go back the quality of service and consumer orientedness of the Soviet air carrier will undergo some change. Our hotel chains should invite people so they will learn how to function as hotel employees, banks, junior colleges, 4-year institutions, what have you.

We will have to have a national involvement, and I tell you why I believe this is necessary, Mr. Ambassador. West Germany last year spent \$100 billion—\$100 billion—on the 17 million people in East Germany. It will continue to do so through this decade, and there is still great bitterness and disenchantment and disillusionment and unhappiness in East Germany.

So the relatively puny amounts that we will be putting in and our friends will be putting in to Russia and the other republics cannot make the difference, the critical difference. It will have to be a societal involvement to make the quantum leap that alone can assure success.

Some of the political leaders in Russia today, and I do not need to tell you this, you are a far greater expert on Russia than I ever will be—by the way, I enjoyed your book—are ready, eager to go back to the old regime. The Russian ambassador in the Ukraine is going around saying, well, this situation will not last long, maybe 2 or 3 years. Then we go back on the whole thing.

When we visited the Vice President, Mr. Rutskoi, on the wall there was the map of the old Soviet Union, not of Russia, and we

probed, and the answers were not that happy. I think it is self-evident that unless we make a major national commitment involving friends and allies, and here I would like to make my plea to have the President and the Secretary and you bring in the Taiwanese and the Kuwaitis. I think Kuwait could spend its money far better on Russian aid than by inviting American dignitaries to visit there. I think there is a tremendous need to pull together global resources, because unless you succeed we can go back to some very, very difficult times.

I would like to ask you what plans do you have to involve the American people beyond just involving us to vote for your package?

Ambassador TALBOTT. I agree with the substance of what you have said, Mr. Lantos, and I admire and am even a little jealous of the eloquence of it. And it reminds me of, or gives me an occasion to emphasize what I see as one of the key parts of the next stage of our policy.

Now that we have put in place what we feel is a sound set of proposals that will involve, of course, expenditures by the United States, the next stage is that all of us who feel strongly about this have to get out and persuade as many of our countrymen as possible why this is important, what needs to be done next. And I already knew this, but I can see that you are going to be an extremely important part of that effort.

If we believe that the success of reform was a sure thing, I do not think I would probably be here before you this morning. I think you would be spending your valuable time listening to somebody else on some other subject. If we believe that it did not require extraordinary additional efforts on our part in order to support reform, President Clinton would not be doing what he now is. And that is asking the U.S. Congress and the American people to consider the expenditure of an additional \$1.3 or \$1.8 billion over and above what he already had to work with at a time of considerable stringency in this country, at a time when he wanted to make good on his promise to focus like a laser beam on the American economy. But he did that, and clearly you support him for doing that, and we are doing it because of the urgency of the situation.

My view of the situation there, while I share your sense of urgency, is perhaps not as bleak as the one that you got on our trip. We are going to have a chance, I think, later to talk in a bit more detail about your trip. But I think that it is very important when you look at the magnitude of the problems that they face to consider that against the backdrop of the magnitude of what they have already accomplished, and you really alluded to that when you talked about could we have ever imagined just a few years ago that all this would be happening.

Engaging the private sector in what the United States does is a crucial part of our policy. We hope to do this through technical assistance, which will involve many people from the private sector. We hope to do it through our exchange program which I hope will be considerably expanded, particularly under the resources made available through the second tranche that we are asking for.

Let me just respond to what I know is a special interest of yours, and before you arrived I was acknowledging the input that several members of this committee have had into the thinking of this ad-

ministration. Now that you are here I will single you out as well. You were the first person that I heard make a strong case for reaching beyond the G-7 to other countries who could be enlisted in this effort.

I am not in a position to give you a work program or a list of countries, but I can tell you that we are quite far along in developing this idea, because there is a category of nations who are not part of the G-7, but who have two things in common. One is that they have considerable resources; and, second, they have a geopolitical interest of their own in seeing reform continue in Russia and the other new independent states. I am not sure it is appropriate for me to name specific countries, but I can say that countries that find themselves in the general neighborhood of the Persian Gulf have a very real interest, I think, in the steady, stable political development of what used to be Soviet Central Asia. And I have received a number of guests from the new independent states of that region and also from the trans-Caucasus, people from what are sometimes called Moslem countries of the former Soviet Union, who have told me that they feel that the future of political and economic reform in their countries depends very much on what happens in Russia. So I think that that is a message that we can carry forth to these other countries that do have the resources to be a help here and I think there are some specific sectors of systemic reform and infrastructure support which we can enlist them in, and I hope to personally stay in touch with you on the subject as we develop this idea.

Mr. LANTOS. Thank you, Mr. Ambassador. You have a lot of support here.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Roth.

Mr. ROTH. Thank you, Mr. Chairman.

BARTERING

Mr. Ambassador, in your discussion on aid, announcements on aid and so, I do not find any mention of bartering. In 1985, Congress authorized bartering with Russia and the republics. Russia is very rich in natural resources, and I was wondering why we have not pursued bartering stronger than we have.

Ambassador TALBOTT. For what I think is a good reason, Mr. Roth. The Russian economy itself, with all of its current troubles, is sort of teetering on the brink—on the brink at some times, it seems, of going back into what you might call an economic state of nature, that is, becoming a barter economy. That is one of the things that happens when you get into a highly inflationary, if not hyperinflationary system. The money of a country loses its value. And as Secretary Bentsen pointed out several times in Tokyo last week, if you want to destroy a country one good way to do it is destroy its currency.

We are trying to help the Russians move toward traditional market economics, and I think that we should do that in all respects, including our interaction with them.

There are a number of problems with barter, and one is that once you have identified the resources that are going presumably to be used in barter transactions, you very quickly find yourself in

an argument with them over who owns those resources. Let me give you one example that might come to mind.

An obvious commodity that could figure in state-to-state barter transactions is oil, because the former Soviet Union has a lot of it. Much of that oil is in the Kashan region of Russia where the dominant nationality group, the Tartars, are asserting a considerable degree of autonomy vis-a-vis the Central Russian Government.

If we were to suggest bartering—this is just notional—oil for grain, and we were to end up asking for or getting oil from that part of Russia, they would probably also want the grain. In other words, we would just be contributing to a device of wrangle within Russia itself.

Mr. ROTH. But would not that logic follow when we give dollars to Russia or the republics who gets those dollars?

Ambassador TALBOTT. Let me just give you a general proposition that will guide us here. We are going to look for every imaginative way possible that also makes economic and political sense in order to carry forward our program. I am certainly aware that underlying your question is a point that I take, and that members of the Congress have made repeatedly, and that is that loans and credits, which is an alternative, of course, simply piles on to the problem of Russian and NIS debt. So we are going to look for other ways, but I just wanted to highlight what I see as the problems with barter, and to make the general point that what we are trying to do internally, that is, the way we are trying to affect the Russian economy is to move them from a barter economy to a market economy, and I think we should set an international context that supports that goal.

YELTSIN VS. OLD LINE COMMUNISTS

Mr. ROTH. I just have one just other question. And that is, in your book "At the Highest Levels", I think we can see that we miscalculated as far as Yeltsin was concerned. I was wondering, are we miscalculating as far as the power that Yeltsin has today? And what would you say about the old line Communists? Do they still have a lot of power or are they not that influential today?

Ambassador TALBOTT. Well, I appreciate your reference to the book that Michael Beschloss and I published just in the nick of time for me to get out of that business and into my current one. One of the themes of that book is that the Bush administration, in our view, that is, the authors' view, did not, as many critics have suggested, stay with Mikhail Gorbachev for too long. It is certainly true, as you correctly read the book, that we felt that they greatly underestimated Mr. Yeltsin. But they did not stay with Gorbachev for too long.

Gorbachev was the only President that the Soviet Union had right up to the day, Christmas Day 1991, when the Soviet Union ceased to exist. And I think the fact that the Bush administration handled Gorbachev with the skill that it did, which involved a degree of accommodation to Gorbachev, made it easier and more possible that Gorbachev would allow that extraordinary titanic development to occur; namely, that the Soviet Union would go out of business.

Boris Yeltsin is the only President that Russia has. Moreover, he is the first democratically elected highest leader that Russia has ever had. Moreover, he is the personification of reform, and he is the leader of the reform movement. Therefore, I feel it is totally appropriate that we are supporting him as staunchly as we are.

Yes, of course, there are old line Communists. I mean, we often speak about the defeat of the Soviet Union and the West winning the cold war. The fact of the matter is that the Russian people ended up playing a decisive role in bringing down the Soviet Union and the Soviet system. But there are many, many people associated with the old regime. And as Mr. Lantos was suggesting earlier, there are many people who would like to see a restoration of the old regime, and they are at the heart of the opposition to President Yeltsin today.

Chairman HAMILTON. Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

First, around here we frequently as a matter of courtesy praise our witnesses, and do all that. I want my comments to be taken as somewhat above the normal courtesies, and particularly directed to the President on the way he has responded, taken over this issue, clarified its importance for the American people, gone out on a limb, despite the risks. There are risks that the Congress will reject it. There are risks that it will not be popular with the American people, notwithstanding his superb talents of articulating what is at stake here. And there are risks that things in Russia may not go in the directing that we want. So it is in the context of all those risks that he is explaining and coming out strong to the American people, and I think he deserves the highest praise, as do you for having the guts to be a journalist and then be willing to go do something that some other journalist is going to write about. So, I admire your guts, too.

STRUGGLE OF REFORM AND DEMOCRACY

Concerning the point that you just made, that Tom Lantos made, I was on this trip to Russia and can tell the story that Tom Lantos alluded to. When we met with Vice President Rutskoi, it became clear that there is a struggle going on there. There is conflict. There are forces of reform and democracy and there are forces who do not want it. Today's *Washington Post* talks about Vice President Rutskoi equating reform with corruption, and he is going to restore integrity to the process. Well, this is the Vice President whom we met with in his office as he sat under the picture of Peter the Great. On the wall was this large map. And I finally found some use for 2 years of Russian 33 years ago that I do not remember a word of, and that was I could recognize that above that map it said the Union of Soviet Socialists Republics.

So at the end of the meeting I went up to him, and I said, "Mr. Vice President, how come you have that map on the wall?" He said, "Well, what is wrong with that map?" And I said, "Well, you are Vice President of Russia, not of the Soviet Union." And he says, "The forces of political and economic and geographic integration are so strong that within a very short time we will all be back together. I see no reason to change the map."

This is not a gentleman who has disavowed the notion of Soviet empire, I venture to say. And that is why I think what you are doing in that context is particularly important.

If my red light is on because I talked that long, I will ask only one question. I want to clarify the issue of the money in the budget to make sure I understand.

FUNDING

Vancouver monies are essentially monies already appropriated, getting them going, redirecting them, focusing them on specific projects, with the possible exception of some additional grain credits. G-7 monies, apart from the \$500 million—I forget what you call that account. It is the kind of thing the public radio uses to raise money.

Ambassador TALBOTT. The Special Privatization and Restructuring Fund.

Mr. BERMAN. Right. Apart from that, you have the G-7 efforts, some of which we have already participated in, but those monies have not been distributed. Then you have what you call the Vancouver II money. My assumption is you are going to be asking Congress to pass that this year.

Ambassador TALBOTT. Funding mechanisms and timetable is still under discussion.

Mr. BERMAN. Oh, all right.

And the \$700 million for fiscal year 1994 is already dealt with by our budget resolution which takes that into consideration and which does not require any special consideration, transfers or otherwise because it is in the budget resolution adopted by Congress; is that correct?

Ambassador TALBOTT. Correct, sir.

Mr. BERMAN. OK.

Ambassador TALBOTT. First of all, thank you, Mr. Berman, for explaining the system of lights here. I thought that these were for me and I could not understand why the red light kept going on when I was not even talking. I feel a little better about that now. I thought maybe somebody was reading my mind.

It would not be appropriate, of course, for me to express—

Chairman HAMILTON. Mr. Ambassador, I have thought a few times of applying them to administration witnesses, but I refrained from doing it.

Ambassador TALBOTT. But I do not qualify yet, Mr. Chairman.

Chairman HAMILTON. You are doing fine.

POLITICAL SITUATION IN THE FORMER SOVIET UNION

Ambassador TALBOTT. I want to come back to your observation about the political situation. I do not think it would be appropriate for anybody from the administration to comment on specific personalities with whom you may have met while you were there. But if you were part of a congressional delegation that goes back to Moscow several months down the road, not to mention several years down the road, I will not say anything about who I hope you would meet with in the Vice President's office over there, but I certainly hope that there will be a different map on the wall, but I hope there will be the same portrait, and I don't know if Vice President

Rutskoi pointed it out, but, of course, what is most distinctive about the legacy of Peter the Great is that he opened Russia to the West.

Chairman HAMILTON. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

Ambassador Talbott, thank you very much for your appearance here. I have just a couple comments and then a couple questions if I can work them in.

SITUATION IN THE UKRAINE

First of all, I do want to express to you also the concern I have heard about the situation in the Ukraine. I really doubt whether we are paying enough attention to the difficulties there. I do believe that the kind of resources we are devoting to the Ukraine are insufficient. I believe that the level of hostility within the Russian leadership toward the Ukraine is something we need to take much more seriously.

FARMER-TO-FARMER PROGRAM

I would also comment that I am pleased to see the Farmer-to-Farmer program be used. I pushed the initiation of that program in the first place. I intend to watch to see that some interests outside the administration that want to divert that program from its original and statutory purposes are not successful.

FOOD FOR PROGRESS FUNDING

Ambassador, I hate to be the person who focuses on this issue as much as I do, frankly, but if I do not bring it up perhaps it will not be brought up in the Congress. I refer to the \$700 million which is suggested for the Food for Progress Administration, and the possibility that over half of those funds will go for transportation and not for grain purchases.

Today, the current international rate of moving grain to the Baltic or Black Sea ports is \$28 to \$31 per ton. This compares with the U.S. bottoms rate of approximately \$50 per ton prior to the President's announcement. The Food for Progress Program requires, unlike the CCC commercial sales programs, that three-quarters of those grain or other products move by American bottoms.

Now, since the President's announcement it has moved from \$50 to \$85 to \$100 per ton. This week the most recent U.S. price quotes reached \$138 per ton. You can clearly see the kind of price gouging that is going on in anticipation that the relatively small number of American bottoms will be moving all of that grain. I would urge you to look very seriously at that issue. We cannot afford to throw away that much money, and the level of support in the Congress will be affected by this issue.

You could look at the transportation costs coming from the Nunn-Lugar funds. I think there are people looking at the notwithstanding clause as an opportunity to avoid cargo preference, or to reduce it to some reasonable level. The previous administration looked at the concept of saying that the cost of moving American products under cargo preference should not exceed foreign costs by

100 percent. In other words, domestic shippers could double the international rate, but no more than double. You certainly should not be tripling it and quadrupling it. So I bring this issue to your attention, and I will not ask you for a comment at this point unless you would care to.

I would simply like to move to the second issue, and that is the Democracy Corps. Mr. McCurdy, Mr. Hyde were leaders in establishing this effort. We have authorized it. It appears to me that there is little that survives in the administration's proposal except the name. Most of the purposes of the Democracy Corps under the McCurdy-Hyde legislation, which I was supportive, are not being implemented in the suggestion. If you have any reaction to that now or later, I would appreciate receiving it, Ambassador.

Ambassador TALBOTT. Thank you. You have raised four issues. Let me respond as briefly as possible to all of them.

UKRAINE

On Ukraine; Ukraine is an extraordinarily important country both in the absolute and to the United States, and I am convinced that we, the United States, have an opportunity to develop a very broad, deep, mutually beneficial, mutually enriching relationship with Ukraine. The operative word in our policy toward all the new independent states is partnership, and we have already made some efforts to broaden our partnership with Ukraine, and there is clearly more that we could be doing, but I assure you that there is money for Ukraine in all of the programs, virtually all of the programs that we are talking about. Even though there has been what I hope is an understandably and justifiably a Russia emphasis for the first couple of months here, you will see in the months to come that we really are going to make sure that we have a policy toward the region as a whole.

But one of the key elements of partnership is that the two sides be able to count on each other to keep their commitments to each other and their international commitments. And Ukraine has simply not done that on a critical subject, which is the disposition of the nuclear weapons of the former Soviet Union than are still found on the territory of Ukraine.

Ukraine made an obligation in Lisbon last year that it would ratify the START I treaty and accede to the nuclear nonproliferation treaty as a nonnuclear state. And it continues to procrastinate and not to keep that obligation. And until that issue can be resolved it is going to have a distracting and limiting effect, I am afraid, on the possibilities for having a full relationship with Ukraine.

Mr. BEREUTER. Ambassador, I am very much aware of that, but I do think that you have to see which is causing which factor and which reaction.

Ambassador TALBOTT. We will try to get it right, and I intend to make my first visit to the former Soviet Union in a couple of weeks. The first stop that I make in the area is going to be in Kiev, and I will be going on from there to Russia.

AGRICULTURAL TECHNICAL ASSISTANCE

On agricultural technical assistance, I think it is one of the most important kinds of technical assistance that we can engage in, and

you can count on me personally to do everything I can to make sure that it remains a strong component.

CARGO PREFERENCES

On the issue of cargo preferences, you have identified a very real problem. The current estimates that I have are between \$200 and \$250 million of the \$700 million that we have asked in Food for Progress assistance to Russia is going to be taken up in transportation cost, because of this feature.

Now, we are as concerned as you are about the impact of higher freight costs as we are trying to help the food situation in Russia, because obviously those proportions means less food gets to the people it is intended to reach. Now, we are not recommending any changes to the cargo preference legislation at this time, but I assure you that the Department of Agriculture is consulting very closely with members of Congress on what to do, and I will see to it, if others have not already seen to it, that the suggestions you made are taken into account.

Mr. BEREUTER. Mr. Ambassador, may I suggest this is CCC grain. The President has waiver authority when it reaches an excessive point, and I just urge you to look at the waiver authority the President has.

Ambassador TALBOTT. Yes, sir.

DEMOCRACY CORPS

On the democracy corps, it is our intention to greatly expand the democracy corps from the level that we were envisioning in the first Vancouver package to the second bilateral package, and I will look into the question of what you see as divergences between what we are calling the democracy corps and the earlier legislation to make sure that there is as much compatibility as possible between them. I will get back to you on that.

Chairman HAMILTON. Mr. Faleomavaega.

FOREIGN ASSISTANCE TO RUSSIA FROM G-7 COUNTRIES

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I would also like to welcome the Ambassador here before the committee, and also echo the sentiments expressed by the gentleman from California, the concerns that definitely the American public has about the foreign assistance that we are giving to Russia; for that matter, to other countries.

I just have a question here in terms of the support the G-7 countries are providing for Russia. And correct me if I am wrong, I have got a \$28.4 billion package. But I am just curious as to how this is being divided in some proportionate terms, because this comes out of the International Monetary Fund, the World Bank. I do not see a breakdown on how the G-7 countries are making the appropriate donations in terms of how we came out with this \$28.4 billion assistance that we are going to provide.

It is true as to these institutions, Mr. Ambassador, but I want to know by country basis how are we—how is the breakdown on that? Does this mean that we are going to have to provide additional assistance or funding for these international lending institu-

tions? I am not an economist. I am just trying to get the more fundamental arithmetic here in terms of how our country is going to have to provide its percentage on this \$28.4 billion.

Ambassador TALBOTT. On the country-by-country breakdown, I am going to have to get back to you. But basically there is no new American money required here with two exceptions. We will be providing some support to the European Bank for Reconstruction and Development's Small and Intermediate Enterprise Fund, and I might just while we are at the table here be able to get a specific figure on that, and the other multilateral macroeconomic program that will require new American money, if it goes ahead, is the one that I have already referred to as the Special Privatization and Restructuring Fund, which we hope to fund to the level of \$2 billion, with an additional \$2 billion of cofinancing. But of that, and I want to stress that, of that only \$500 million would be American money.

My colleague, Mr. Speckhard, has provided me with the number on the American contribution to the European Bank for Reconstruction and Development Small and Intermediate Enterprise Fund, and that would be about \$30 million.

Mr. FALEOMAVAEGA. I think what gets probably as a matter of clarification to the American public is exactly how the funding is being provided and to what capacity. We cannot even get a \$16 billion jobs bill through the Congress in terms of what the President has proposed here. For the last 2 fiscal years we have contributed over \$10 billion to assist the former Soviet states to become independent.

Reflecting on what Mr. Lantos said earlier, West Germany has contributed over \$100 billion to provide for the \$17 million East Germans and they are still having very serious problems. I just wanted to reflect on these figures and see how we can really justify giving such an enormous amount of money to assist, and how this will be reflective on our own economic interests; how will this help the American, average American saying it is OK, let us go ahead and donate these billions of dollars to Russia, because it is for my welfare as well.

Ambassador TALBOTT. Well, that is a question to which we, the administration, must have an answer, obviously, if we are going to proceed. And the answer, I think, is this. That we are in a position today to be devoting the kind of attention and resources to fixing some of the problems in our own economy, in our own society, to some significant degree because of what has happened in the former Soviet Union. We are able to do this largely because we can even use the extraordinary phrase, which few of us thought we would ever use in our lifetimes, "former Soviet Union". The end of the cold war has made possible huge savings in defense and has freed up money that can be used for important domestic priorities.

One way to describe what we are trying to do with regard to Russia and the other new independent states is to say we are trying to assure that the cold war stays over, and that we can continue along the course on which we are now embarked.

I am not entirely happy with that formulation, because it sounds too negative. It sounds that all we are engaged in is damage limitation. It is not just damage limitation. Russia is an extraordinarily rich country. It is rich in natural resources. It is rich in human re-

sources. And if they can get it right, if they can succeed in the experiment in which they are now embarked, not too far in the future they will represent a market for American goods, a reliable source of raw materials, and indeed manufactured products from which Americans will benefit. They will be a stable and reliable partner for us, and the American people will benefit. But this is a critical period. And as Congressman Lantos was saying earlier, it is really kind of a moment of truth this week, this month, this year, and that is why we are asking the American people to make an investment in that future that I just described.

Mr. FALCOMA. One additional question, Mr. Chairman.

Why has this become just an issue for the G-7 countries?

I think, taking again what Congressman Lantos has said earlier, Taiwan has ready reserves of over \$80 billion. Kuwait, Saudi Arabia, South Korea, these countries are not Third World countries. They are economically well off. Why are they not being asked to provide assistance? Should this not really become a United Nations issue, and not just for the richest countries of the world? I mean, why are we being somewhat provincial in this issue? If the world is really that serious about Russia and its future, should this not really be a worldwide issue and not just for the G-7 countries to provide for?

Ambassador TALBOTT. As I indicated in my response to Mr. Lantos' statement, I agree with him and with you that it should be, and that we do intend to take this effort beyond the G-7.

Mr. FALCOMA. Thank you.

Thank you, Mr. Chairman.

Chairman HAMILTON. Ms. Snowe.

Ms. SNOWE. Thank you, Mr. Chairman, and I want to welcome Ambassador Talbott to the committee here this morning.

ENSURING EFFECTIVE EXPENDITURE OF APPROPRIATED FUNDS

Obviously, I think we understand the interest the United States and the rest of the world has in the development of the newly independent states, and the future of Russia. I guess one of the concerns that I do have is based on the fact that over the last 2 years in the \$600 to \$700 million that we have appropriated in funds, in addition, another \$800 million in the dismantlement of nuclear weapons, that very little of that money has been expended for a variety of reasons, but probably not the least of which is the difficulty in delivering that money and expending it in Russia in the manner to meet the goals of the appropriations that we have provided for.

So I guess I am concerned, one, is how are we going to improve the pace of expenditures that meets the goals that are necessary; that we are not losing our money; that it is not going down the drain; that we are making sure that we are providing the technical expertise that is so vital, I think, in development of a free enterprise system in Russia.

So my first question really is, is how come we have not been able to spend the money that we have appropriated in the last 2 years? I understand that President Clinton has really of what, the \$1.5, \$1.7 billion, \$700 million of which is existing funds; am I correct?

Ambassador TALBOTT. Correct.

Ms. SNOWE. And that is money that we appropriated over the last 2 years.

Ambassador TALBOTT. Yes.

Ms. SNOWE. What have been the problems in delivering those funds to Russia?

Ambassador TALBOTT. I will try to give you at least a cursory accounting therein. If you feel it useful and appropriate, I would be glad to followup with more specifics, but let me make by way of prologue a general comment which is keep in mind that last year, that is, 1992, was an unusual one in that it was a Presidential election year, and also as a result of the Presidential election it involved the transition, which slowed the process down somewhat.

But the fact of the matter is that the money that has already been appropriated is heading in the right direction, and we are doing everything we can to make sure that it gets there and it gets there in a way that you will be satisfied it is properly spent.

Over \$700 million is available under fiscal year 1992 and 1993 funds. Now, all \$700 million of that has been assigned to projects; that is, we know where it is to go and what good it is to do. \$280 million of the \$700 million has been obligated, that is, committed to specific contracts; and an additional \$335 million is about to be obligated.

Now, on the critical question of how we can be sure that this money is well spent and that it does not disappear one way or another, first of all, there is, as I emphasized in my opening statement, a heavy emphasis in our policy on privatization and on the nongovernmental sectors. That means that we can have a little bit more confidence that the people that we are dealing with, whom we are targeting for as the reform support actually get it.

One of the concerns of the G-7 in the Tokyo meeting last week that in the area of macroeconomic stabilization where very large amounts of money, including American money, are going to be involved. The G-7 must have a mechanism to make sure that the money is being appropriately spent, that the programs are being implemented in a way that really helps Russian reform. And the United States, to that end, has made a proposal to the G-7 that an office be established in Moscow to be called a support implementation office that would be headed by representatives of the G-7 and would have appropriate staff in order to keep close watch on this in close cooperation with the Russian reformers.

So this overall goal of assuring proper expenditure of the funds and reliable implementation of the programs is very much on our minds.

Ms. SNOWE. So there will be an office in Russia?

Ambassador TALBOTT. The G-7 has—we only made this proposal on Wednesday of last week to the G-7 joint ministerial when Secretaries Christopher and Bentsen were there. It immediately garnered some support from the other ministers. They have sent up a working group to perfect the idea with instructions to report back to the G-7 heads of state who will be meeting in Tokyo in July. So we hope that, in addition to support for the programs that we have suggested, such as the Special Privatization and Restructuring Fund, we will also be able to create an implementing facility of the kind that I described.

Ms. SNOWE. Well, is it AID that oversees the appropriations of our money in Russia currently? I mean, are they the ones that oversee the contracts that are negotiated in the nongovernmental—

Ambassador TALBOTT. The AID is very, very closely involved in all of this, yes.

Ms. SNOWE. Well, will there be one office that will be responsible for overseeing the funds that are expended?

Ambassador TALBOTT. Our assistance programs are to be and are now being coordinated by someone with the title of coordinator of assistance to the new independent states. It has been for a little over a year Ambassador Rich Armitage, who I might use this occasion to say has done an absolutely splendid job in getting a great deal of concrete American assistance on to the ground out there in a hurry, and doing it in a way that I think has had both economic and political benefit.

Ambassador Armitage will be succeeded in the next couple of weeks by Ambassador Tom Simons, who is currently our Ambassador in Poland, and he will take on the responsibilities of coordinating our assistance programs to the entire region, working very closely with AID, and indeed with me.

PACE OF DELIVERING THE EXPENDITURES

Ms. SNOWE. To what do you attribute the slowness of the expenditures in delivering the funds over the last 2 years? Is it because there has not been a single coordinator or a single agency that is the problem?

Ambassador TALBOTT. Well, I think this administration, and this is not to criticize our predecessors, by the way. I mean, this was all very new for the Bush administration when it faced this whole array of challenges. We have had a year's experience. We have learned a lot from that experience. We have learned some things about how our own government can best operate, and we have learned some things about the situation on the ground there.

I think you would agree that, while best of all is to expend these funds as quickly as possible, and I might add that President Clinton has been quite adamant in meetings that I have had with him that he wants money that is approved to go forward quickly and the programs to have an impact in the near term. It is also important that it be spent right, so that if there is some delay I would hope that in some cases that delay is because we are making sure that it is spent right.

There is another feature. You mentioned the Nunn-Lugar funds. Remember that Nunn-Lugar requires us to engage in negotiations with other governments for other governments: Russia, Belarus, Kazakhstan and Ukraine—

Ms. SNOWE. Right.

Ambassador TALBOTT [continuing]. On the very, very sensitive issue and technically difficult issue of how safely to dismantle the nuclear weapons that they inherited from the old Soviet Union. Those negotiations have taken a great deal of time, but I think that you will see an acceleration in the pace and also an improvement in the efficiency of the way we carryout these programs.

CAPITAL FLIGHT

Ms. SNOWE. Well, my emphasis on the pace is to get to the issue of efficiency, and that obviously is my concern. And given the fact as well of the \$2 billion a month, according to Investors Business Daily, of capital flight from Russia also, I think, raises some serious concerns. Obviously, we do not want to see our money ending up in Swiss bank accounts, and we have to do everything that we can to discourage that flight, because obviously that is money that otherwise could be invested in Russia, and we should be doing everything we can to encourage reform in Russia, and President Yeltsin to adopt reforms, and that is one of the principal reasons why they have not been able to avail themselves of the \$24 billion that the G-7 provided through the IMF, because of their failure to institute reform.

So I think this is a two-way street in this effort, and I am concerned from that standpoint that, one, we do not lose or money either to the bureaucracy or to Swiss bank accounts; and that it is being utilized effectively. I think the fact that we have not been able to do that over the last 2 years for whatever reasons has to be addressed, and I hope that in that process that we correct these problems, but also protect the use of the way our money is being spent in Russia.

Ambassador TALBOTT. Well, when you say two-way street, you are of course underscoring one of the themes of what I have been saying, and that is that we regard this as a partnership between us and the Russian reformers. And whatever critical you might have to say about the Russian bureaucracy is nothing compared to what I have heard from some of the reform ministers.

Of course, one of the principal reasons for capital flight from Russia has been the high level of inflation, because Russians, and particularly Russians who have come into large amounts of money, do not want to keep it in Russia, and getting inflation under control is one of the principal objectives of the Yeltsin government.

Wherever possible we try to rely not on governmental bodies to distribute particularly such things as emergency food and medicine aid, but to work for private voluntary organizations which we can get much closer to and have more confidence in that they are spending the money properly.

Ms. SNOWE. Thank you.

Chairman HAMILTON. Mr. Sawyer.

Mr. SAWYER. Thank you, Mr. Chairman.

SUCCESS OF MONETARY REFORM EFFORTS IN THE FORMER SOVIET UNION

Let me follow directly on at least one element of what Mrs. Snowe was asking about. We have focused a great deal of our reform efforts in terms of monetary policy and macroeconomic reform and many of our measurements of success have been aimed in that broader direction. But it seems to me that in a nation like the former Soviet Union, which had some of the most extraordinary bureaucracies, one of the real problems is that the microeconomic measurements that they had relied on for decades are totally irrelevant to market-driven economies, and do not give us a clear or

comparable picture of the performance of an economy in transition. It is a particular problem when we try to assess the success that we have in driving our dollars into localities, in business-to-business settings particularly. It is also difficult to envision how republic officials might be judging the success of their own efforts in those market economy terms. That is one side of the question.

On the other, we have businesses that are looking for opportunities to invest in ways that are productive and can move an economy away from reliance on assistance and more toward reliance on investment and productive growth. And our people do not have adequate or reliable statistical systems, data, bodies of data that are in terms that are familiar to them in order to measure the reliability of an investment or the setting in which those dollars might be driven.

Do you believe that an investment in building that kind of data system on a microeconomic level would be valuable? Is it something that we ought to perhaps not condition our assistance on, but make concomitant with that assistance, and that we ought to use such a system as a measure, one small measure, of the success that they have and that we might have in the future.

Ambassador TALBOTT. The short answer is, yes, I do, and I would also endorse your disclaimer about making it conditional. I do not think we should make it conditional. I would put it much as you have. I think that this should be a theme and an objective in our privatization efforts and in our exchanges.

For example, one profession which is much needed and much in demand on the receiving end is accountants, because that, like so many other professions, to put it mildly have not thrived under the old Soviet system. And I think concomitant with this it is very important that we do what we intend to do, and that is to use our influence in different ways to try to improve the climate as well as the structure for trade and investment in business activities of all kinds. This is, incidentally, high priority and extremely problematic, because there is not now in Russia the legal structure that is conducive to doing business. Among other things, there is not—there is not anything like sufficient private property law to make it easy or in some cases even possible to buy companies or property. You immediately find yourself thrown into legal and jurisdictional wrangles with local and regional authorities over who owns the company that you had thought you had gone to buy.

But we have done two things on that score which I hope will help. We have set up two very high-level joint commissions, as we are calling them, that will try on the Russian side to provide a high-level management impulse down into the bureaucracy and down into the legislature to get laws and regulations changed in a way that will make the environment more conducive to business. One of these is going to be cochaired by Vice President Gore, and is going to concentrate on the all-important energy sector, which by the way includes nuclear energy, and oil and gas and nuclear; and also the critical area of commercial space launch. The Secretary of Commerce, Ron Brown, and a Deputy Prime Minister, Mr. Shokin, will be meeting, I believe, later this month to hold the first meeting of what is called the U.S.-Russian Business Development Commis-

sion, and this will serve much the same function. So we do have this much in mind.

Mr. SAWYER. Thank you.

Chairman HAMILTON. Mr. Hyde.

AID TO ISRAEL AND EGYPT

Mr. HYDE. Thank you, Mr. Chairman.

Ambassador, some very prominent Democrats have been articulating what heretofore has been unthinkable; namely, Mr. Gephardt and Senator Leahy have talked in terms of cutting back on the aid given to Israel and Egypt as a source of helping to pay for this Russian program.

How does the administration feel about that?

Ambassador TALBOTT. The general point that I made earlier I would reiterate in this context. And that is that we are going to—have already begun and are going to continue until we get a proper resolution of the matter, consult intensively with you and your colleagues on how properly to fund the package of assistance for Russia and the new independent states that I have talked about here today.

And I do not want to speculate about the outcome of those deliberations or prejudice them, but it is certainly our intention, that is, the administration's intention, and President Clinton has reiterated his strong views on this, to continue very significant levels of assistance to Israel and Egypt.

GOING BEYOND THE G-7 FOR REFORM SUPPORT

Mr. HYDE. Do you share Mr. Lantos, and I am sorry he has left, but that is what happens when you are at the end of the line of these questions, do you share his view that Kuwait might well better have spent whatever it cost them to honor President Bush who led a coalition of 26 countries, many of them Moslem, in fighting and turning back Iraq from Kuwait, that that money might have better been spent aiding the rehabilitation and the political and economic rehabilitation of Russia? Do you share that view?

Ambassador TALBOTT. I think what I will say in response to that, Mr. Hyde, is simply that I take your point, and I take it very much in the context of what I said in response to Mr. Lantos, and that is that I do not think it is appropriate or useful, particularly given conversations that I may be having on the diplomatic circuit in the weeks and months to come, to say too much about specific countries. But the general point I think is one that I have already endorsed, and that is that we should reach beyond the G-7 to make sure that there is genuinely international support for reform in that part of the world.

Mr. HYDE. Well, I think we all agree on that. I think where we might have some disagreement was on chastising Kuwait for what some think was its gauche conduct in honoring President Bush, but I do not expect you to comment on that and it is no fun without Mr. Lantos here. [Laughter.]

Ambassador TALBOTT. Thank you for letting me off the hook then. I do not want to chastise anybody here today.

Mr. HYDE. I understand.

CARGO PREFERENCE

Cargo preference was brought up, and I was interested in your response to that. You were noncommittal, but you said you would take these concerns into consideration as we move along. Now, trying to sell this program is going to be tough at best, as you know, given the competition for scarce tax dollars by domestic needs. The cargo preference is one thing that is awfully hard to explain to people back home, why some of this money is going to go to what has been aptly described as the welfare queens of the sea, not to feed hungry Russian people who otherwise might involve themselves in civic disorder if they are too hungry.

Another aspect that makes it tough to see, the European Bank for Reconstruction and Development, something that was set up 2 years ago by ourselves, the United States, and other Western governments, is reported in today's *Washington Times* as living rather high on the hog. Nearly \$83 million of its spending was on—well, for the last week I guess the President of that bank has been criticized for spending more money on the new headquarters and on his flights on private jets than the bank has lent so far to the struggling economies of the former Soviet Bloc. The *Financial Times* dubbed the institution "The bank that likes to say yes to itself" after it was first to compare the bank's \$300 million spending on itself, with the \$150 million it has lent out.

Anyway, you know the story, I am sure. But stories like this make it a tough sell. People do not mind paying more taxes, they do not mind sacrificing if it is not being plowed in the sea, and I just—I sympathize with you that you have to deal—because if you tackle cargo preference, you are going to have to fight this committee. This committee is a bastion of defense for cargo preference, and you will have a tumultuous time with this committee.

Mr. Berman is shaking his head, and I hope that is a precursor of things to come.

Chairman HAMILTON. Not the chairman, Mr. Hyde.

Mr. HYDE. No, no, not the chairman. I am looking at the expanse of empty chairs. [Laughter.]

I congratulate you. You have got a most important job, a tough job.

BALANCE OF SUPPORT FOR DOMESTIC POLICIES AND SUPPORT FOR
YELTSIN

And lastly, if you will indulge me, in your very interesting book you talk about the balance that Mr. Bush had to strike between his support for Gorbachev and his domestic considerations at home.

Does Mr. Clinton find himself now having to engage in fancy footwork balancing his domestic considerations with his support for Yeltsin?

Ambassador TALBOTT. Well, he certainly has to achieve exactly that balance. And the way in which he has tried to do it, and I think has done so forcefully and most articulately, is to make the point over and over again, particularly in his Annapolis speech on the eve of the Vancouver Summit, that our domestic priorities and this particular foreign policy priority, that is, support for reform in

the former Soviet Union, are not in conflict with each other, and that gets back to the point that I was trying to make earlier.

CARGO PREFERENCE

On cargo preference, if you will permit me, I think I will simply accept your sympathy on the point, and say that fighting with this committee is not one of my aspirations, and I am sure that the points that you made on cargo preference the USDA is taking account of.

On the European Bank for Reconstruction and Development, I understand that our own Treasury Department is taking up this issue which has emerged in the press with our counterparts on the board of the European Bank for Reconstruction and Development, and our own officials will be pursuing this matter diligently and vigilantly in the weeks and months to come.

But I will say in defense, as it were, of the EBRD, that they also say yes to entrepreneurs in Russia and have been doing quite a bit to support small businesses that are getting started in Russia, and that is one reason that we have singled out that program for some of our own support.

Mr. HYDE. Mr. Chairman, just one more comment if you will indulge me.

Taking an entirely different tack, Ambassador. I think this job of selling this whole concept of us taking an active part in the struggle for reform in the former Soviet Union, moving them toward a democracy and toward a free market economy, is not just yours and it is not just the administration's; it belongs to all of us to try and sell, and sell is the word, the notion that we have—our national interests, are inextricably tied up in the direction in which the former Soviet Union goes. And if we believe it is right, and if we believe that our children and our grandchildren need a peaceful world and an economically viable world, all of us should share that responsibility with you and with the administration. It is not just an "us against you." We should do this together, and it is a tough sell. It is going to be a tough sell, but I think it can be done. I think the stakes are incredibly high.

Ambassador TALBOTT. It is very gratifying to hear you say that.

Chairman HAMILTON. Mr. Rohrabacher.

Mr. ROHRABACHER. It is going to be a tough sell.

INTERNATIONAL FINANCIAL SUPPORT FOR THE FORMER SOVIET UNION

Mr. Ambassador, first of all let me note that when the administration is out trying to drum up financial support for the former Soviet Union in places like Taiwan and Kuwait, I would implore you not to give up the legitimate interest of the United States and the people of the United States in order to cut a deal for short-term aid for the Soviet Union, and let me be specific about this.

Taiwan has a lot of money, for example. We know they do. They have got a lot of financial reserves. But there are some very serious issues that we need to be dealing with Taiwan on in order for them to get into the GATT. They want to get into the GATT. We are interested in making sure that intellectual property rights of American citizens are protected in Taiwan; and that, for example, the

trade restrictions that they have placed on processed food for the important to Taiwan are lifted.

I would hope that as we are going around looking for money that we are not basically selling out the interest of people who process food in the United States, for example, to make them pay the price for aid to the former Soviet Union, or the people in our entertainment industry or our electronics industry having their intellectual property rights violated; that we just do not write that off in order to get a short-term economic benefit to the Soviet Union. That is not just Taiwan, but in other places. So that is just an admonition, and I will be watching this very carefully.

I personally believe that Taiwan and other countries will respond if we put pressure on in these areas, and we should not be giving up our leverage simply to get a short-term economic benefit to the former Soviet Union.

Now, I agree with you, Mr. Ambassador, that the former Soviet Union is a very rich area of the world, and its system that has prevented it from being a wealthy area of the world. I mean, it is rich in resources. And I would just like to say that there are some different approaches being made. I know there is this Operation Farm Ukraine that is going on right now in which private companies have made deals to help increase the farm output in the Ukraine in exchange for splitting the yield, the increased yield. So there are ways that we can increase the wealth of that society without giving things away.

OTHER SUPPORT FOR REFORM

I would like to direct my specific question at this area of getting something back rather than giving things. I mean, I notice there are things here, whether it is the development of their energy resources. I mean, certainly there are American oil companies and energy companies that would be willing to invest in that society in exchange even for much more than the paltry amounts we have down here, in exchange for mineral rights. I am sure there are people within our telecommunications industry that would like to purchase broadcasting rights in what was the former Soviet Union for much more than this paltry sum of some of the things we have down here in your democracy building initiatives.

And certainly I know, I am on the Science, Space and Technology Committee, and they have things to sell us. The Soyuz spacecraft, for example, could be used as our rescue craft for the—our escape craft for the Space Station Freedom.

Is there not in almost every instance a way that the former Soviet Union can earn this money rather than have us extend credits without collateral or just outright grants?

Ambassador TALBOTT. I would suggest that it is not an either/or proposition, but that you have certainly identified what must be a key aspect of our policy, and I think it is one that can become increasingly prominent as our policies succeed and as Russian reform succeeds. Even in the near term with the situation as critical as it now is over there, and with as much hard work ahead of us, there are already benefits for the United States in some of the things that we are doing.

For example, just in the last week or so the United States and Russia reached agreement on a \$2 billion oil and gas facility under the Eximbank that my colleagues believe will mean thousands of jobs for American workers, and, by the way, in a sector of our own economy that has been hurting.

In telecommunications, I am sure that the joint commission that is going to try to improve the climate and legal structure for trade and investment in Russia under the leadership of Secretary of Commerce Brown and his Russian counterpart, Mr. Shokin, will have telecommunications very high on its agenda. You are right. That is a huge area of opportunity.

As for science and space technology, there I think that the Vice President's effort that he will be leading along with Prime Minister Chernomyrdin, has at the top of its "to do" list making sure not only that Russia makes the transition from a grotesquely over-militarized economy where its space industry was almost exclusively used for military purposes, to one in which it has access to the world space launch market, and that there are many benefits that will accrue to the United States when that happens.

Mr. ROHRBACHER. Just one last thought, and that is, we are \$400 billion—we are going into the red \$400 billion a year. I do not have to remind everybody of that. Whatever we give to somebody, we are not giving it from this generation; we are giving it from our grandchildren, and indeed our grandchildren deserve a more peaceful world and we should all be very grateful for the changes that have taken place and the potential peace of mankind that has expanded. But we owe it to our grandchildren to make sure that we are not just giving away their heritage and their legacy, their resources, and hopefully we can get something back as we help them build, and that is the whole basis of a market economy. So I hope we can teach them that right off the bat.

I wish you luck, and thank you very much.

ARMS CONTROL AND REDUCTION CONDITIONS ON ASSISTANCE

Chairman HAMILTON. Mr. Manzullo.

Mr. MANZULLO. Thank you, Mr. Chairman.

Mr. Ambassador, I am sorry I had to leave to attend another meeting, and if you have given this answer before please forgive me.

I want to know what, if any, plans the Clinton administration may have now or in the future that would in any way link the giving of aid to Russia, Belarus, Ukraine and Kazakhstan with movement toward the disarming of the several thousands of rockets that are armed because those countries simply did not have the funds with which to dismantle them.

Ambassador TALBOTT. It is not so much a question of linkage, Congressman, as it is a matter of us setting aside resources under the Nunn-Lugar legislation, to make sure that as these countries comply with the terms of the arms control and arms reduction treaties that they do so in a way which is safe and secure; that is, that does not raise the danger of radioactive or other pollution, and also that does not raise the danger that as these weapons are taken out of service they fall into the wrong hands. That is why with Congress's support the U.S. Government has committed \$1.2 billion

to this effort. We consider it to be an extremely high priority. It is a matter, as it were, of finishing up with some of the old business of the cold war, and it is also why, and this I think we did talk a little bit before you arrived, why we feel that this is more than just an American responsibility, but it is an international one, and we are hoping to use what we have already done in this area, and it is significant, to persuade the international community, and particularly the G-7, to set aside some money to do more.

Mr. MANZULLO. Thank you, Mr. Ambassador.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Ambassador, let us try to wrap up a few loose ends. We have had you here a long time and we greatly appreciated your testimony. There are a couple of matters I want to get into the record.

I would like for you to furnish to the committee in as much detail as you can the commitments that were made in Tokyo by the other G-7 countries regarding their assistance to Russia; what did Japan commit to; what did the European allies commit to; how much of it is grant; how much of it is credit; and what, if any, commitments were made in terms of the pace of expenditures with regard to those items.

As we have heard several times this morning, any contributions from countries other than the G-7, we would like to know about.

[The information requested was subsequently submitted and appears in appendix 2.]

DEBT RESTRUCTURING

Now, we have not talked at all about debt restructuring. I recall when the Russian Foreign Minister was here we asked him what we could do that would most help him and his country. At the very top of his list was debt restructuring. That is part of this arrangement, I presume. One thing I am interested in is whether there is a concessional component in the rescheduling agreement that provides a 5 or 10-year grace period, for example.

Is there any concessionality in the debt restructuring?

Now, if you want to furnish any of this for the record, that is perfectly fine with me.

Ambassador TALBOTT. There is no concessionality, Mr. Chairman. But I think there was an agreement, a break through in these ongoing negotiations in the so-called Paris Club just within the last couple of weeks that will provide for \$15 billion of payments over the next year.

Chairman HAMILTON. Is there any debt forgiveness?

Ambassador TALBOTT. I cannot imagine that there is. I have learned—

Chairman HAMILTON. There is no debt forgiveness; is that correct?

Ambassador TALBOTT. This is debt rescheduling.

Chairman HAMILTON. I understand.

Ambassador TALBOTT. Debt relief. Not debt forgiveness.

Chairman HAMILTON. OK. And there is no concessional aspect to it?

Ambassador TALBOTT. That is correct.

SYSTEMIC TRANSFORMATION FUND

Chairman HAMILTON. On the systemic transformation fund of several billion dollars, which Russia apparently has access to almost immediately, that fund is to be managed by the IMF; is that correct?

Ambassador TALBOTT. Yes, sir.

Chairman HAMILTON. Is there any conditionality with respect to that fund?

Ambassador TALBOTT. Yes. The first \$1.5 billion of it is conditioned on the Russian Government making a political undertaking to restore discipline to fiscal and monetary policy, and then there is some followup conditionality on the second tranche of \$1.5 billion, which has to do with inflation and the deficit.

If you would like more details, either Mr. Speckhard can give them to you now, or we can get back to you. Your choice.

Chairman HAMILTON. No, we just want to get it on the committee record.

Ambassador TALBOTT. Yes, sir.

Chairman HAMILTON. The *Financial Times* reports today that the economic policy conditions required by the IMF, I am reading from the article now, "will be looser than those for a normal IMF standby agreement, but countries will still have to take significant policy actions to stabilize their economies, stem capital flight, and implement structural and institutional reforms."

Ambassador TALBOTT. Not to quibble too much about—

Chairman HAMILTON. We would like those details spelled out.

Ambassador TALBOTT. Yes, sir. A general point to make, and I do not mean to quibble too much with *Financial Times* over semantics, but rather than saying "looser", which has an implication of perhaps excessive lenience to it, I would say—

Chairman HAMILTON. Almost as bad as the word "relaxation".

Ambassador TALBOTT. Yes. Same point as earlier. That this is focused, focused on fewer but absolutely critical targets.

Chairman HAMILTON. If you lower that high jump bar from 7 feet to 4 feet, I call it a lowering of the bar and a relaxation of the standard. You may have another word for it.

With respect to the World Bank, it has a \$3.5 billion lending program that was announced in the Tokyo package. We would like as much detail with respect to that package as you are able to provide us.

Is there a coordination role here between the World Bank and the European Community's role as coordinator for Eastern Europe, for example? Is there any coordination there?

Ambassador TALBOTT. The G-7 itself is going to try to play a coordinating role.

Chairman HAMILTON. They will play a coordinating role.

ENERGY

Energy, I do not know that we have talked about energy this morning, but the question of energy price liberalization, how important is that in the scheme of economic reform in Russia? Is that an essential step?

Ambassador TALBOTT. It is certainly an important component, and will be at the forefront of the Vice President's effort in this area.

Chairman HAMILTON. Do you think Russia is moving toward world prices on energy?

Ambassador TALBOTT. The answer, with Mr. Speckhard's help obviously, is yes, and we expect them to come within the terms of the World Bank arrangement on this.

Chairman HAMILTON. Is there any conditionality in the IMF or the World Bank lending tied to the question of liberalizing energy prices?

Ambassador TALBOTT. I think rather than these pauses for whispers I should invite Mr. Speckhard.

Chairman HAMILTON. As you choose.

Ambassador TALBOTT. Yes.

Mr. SPECKHARD. There are two parts to the answer to that question. The first is on the IMF. They are still developing what the specific focus targets are going to be for potentially an IMF standby program that will have to be negotiated with the Russians.

On the World Bank, there is an energy sector loan being negotiated currently, and we would fully expect that part of that negotiations would include some price liberalization. I think on the Russian side themselves they realize how important this is, because it would result in significant increases in foreign exchange for them to do this.

The last point would be that the IMF systemic transformation facility, which we talked about for Russia, could be available in the future for other countries who are going to be affected by those price increases in the new independent states. Some of the neighboring countries, of course, will have to pay more for their oil. And as they move toward reform, hopefully the multilateral institutions will help them in that respect.

Chairman HAMILTON. Thank you. Maybe we ought to have your name and position identified for the record.

Mr. SPECKHARD. Thank you. I am Mr. Speckhard, Daniel Speckhard. I am the Deputy Special Advisor for Economic Affairs.

Chairman HAMILTON. Thank you.

RUSSIA TO MAKE ECONOMIC DISCIPLINES

Mr. Ambassador, I gather from your testimony that you are reasonably confident that the leadership of Russia is going to make the kinds of economic disciplines that will make this aid package effective.

Is that a fair assessment of your attitude?

Ambassador TALBOTT. I am convinced of their determination to do so; convinced that we must do everything we can from the outside, both bilaterally and multilaterally, to help them do so. I am convinced that there is sufficient chance that they will succeed to merit us taking the steps that we have been discussing today.

WASHINGTON-BASED ASSISTANCE PROGRAMS

Chairman HAMILTON. All right. Now, on the business of Washington-based assistance programs, there was a strategy paper that was dated January 15. Of course, that was before you came into

office. That paper spelled out elements of the past administration's policy toward Russia and the NIS, including a Washington-based assistance programs.

Do you intend to carry through with that, to follow that kind of a strategy?

Ambassador TALBOTT. What I intend to do there, Mr. Chairman, is give Ambassador Tom Simons, who is going to be taking up the post within weeks of coordinator of assistance and who will be part of my office, to give him as much flexibility as possible to take the wisest course possible on that.

I am well aware of the issue. Ambassador Simons is well aware of the issue. On several trips he has made back to Washington he has talked to people in AID about that, and we will be giving that high priority.

Chairman HAMILTON. Well, we will want to stay in close touch with him then.

Also, with regard to the question of adopting a regional or a country approach—

Ambassador TALBOTT. Right.

Chairman HAMILTON [continuing]. We have focused on a regional approach thus far. We have got small missions in Russia, Ukraine, Armenia, and Kazakhstan. And I think you probably have under consideration or may have under consideration country-based programs as well.

I think it is our experience that the Washington-based assistance approach is not the best, and that we need more people in the field than we have had, so we look forward to consulting with Ambassador Simons on this matter.

Congresswoman Snowe raised the question of pace of assistance with you a few minutes ago. That has been a concern of mine as well. She stated it very well. I also have been, over a period of 2 or 3 years, quite frustrated with the pace of assistance, the amount of money expended, and you have responded to that. I just wanted to reemphasize it to you.

There are a number of technical assistance areas that have come to my attention, and to come to the attention of other members of the House, which we have had emphasized to us by Russians, by others, where they need some help. I want to just mention those to you. I know they are familiar to you, but I think it might be helpful if I mention them.

Banking reform—every Russian official, every American in Russia, has emphasized to us the absolute importance of a workable financial system to the future of private enterprise in Russia. I presume that will be a very high priority for you.

Also on my list:

(1) Technical assistance and credit for small business and for farmers;

(2) strengthening and supporting local government;

(3) privatization, which you have mentioned;

(4) legal reform; should the American Bar Association's program be substantially expanded; should experts be going over there for longer stays;

(5) parliamentary assistance. You are acquainted with the work done by Congressman Frost, I think, in his Task Force, which I

think is has been exceedingly worthwhile. I hope you will plan to continue support for what they are doing and for what the Congressional Research Service has proposed; and

(6) ideas for the American business community in Moscow are very important.

Now, to conclude, I want to also say that I think Congressman Bereuter's emphasis to you on Ukraine was very important, and I was pleased to hear your response. It is my strong impression that our strategy of getting Ukraine to ratify START is not working, and we need to find new ways of building economic and security ties to Ukraine without providing explicit security guarantees. But the importance of that country, its distinctness and all, I think we are all very much agreed upon.

I certainly would join others in the committee that have praised you and the President for your leadership on privatization. The \$500 million challenge fund is exceedingly important.

There are, of course, as you well know, 12 countries in the former Soviet Union. I think our policy, and our assistant strategy, has to be tailored to each one of them. We naturally tend to focus on Russia, and that is appropriate, and on the Ukraine. But there are other countries there as well. This is one of the reasons I think you have to move from a Washington-based mission to a field mission. You have to have some people on the ground in some of these other republics.

I do not know whether we have emphasized much today nuclear dismantlement of nonproliferation. There is very strong support for that in the Congress. You have to accelerate progress on that. I think that is one of the highest priorities for us, dismantling weapons and warheads.

Finally, let me just say here, if I may, that you put great emphasis in your statement with respect to the word "partnership." I will just pass on my experience to you there. It is a very tough sell. I understand the use of the word "partnership" at a time when you are proposing a multibillion aid program. Now, you spell out in your statement some of the negatives, if you would, and some of the positive benefits which flow to us from this partnership.

I fully understand why you have to speak in terms of a partnership when you are meeting in Vancouver or wherever, and when you are meeting with the Russians. But to persuade the American people that this is a partnership is a formidable burden of persuasion. I have had a great deal of experience with that in my own constituencies. Quite frankly, I find that there are people who are offended by that word at a time when you are proposing a large package of assistance. It makes a lot of difference here what your perspective is. It is very important that you, that the Secretary of State and, of course, the President, constantly try to refine your rhetoric with regard to this word "partnership", as you have tried to do in your statement; and to try to make that word as meaningful and as specific as you possibly can. What does it mean for ordinary Americans when you talk about a partnership with Russia? It is not an easy word to define. You have given me some help on it with your statement today, but as a politician I know how important it is to try to sharpen your rhetoric and your statement so it carries meaning with the people.

Well, we are very pleased to have had you here this morning. We thank you for your testimony. You are off to a good start here. You have a major responsibility, as my colleagues have said, and we look forward to the opportunity to work closely with you in the weeks ahead to make this a successful effort.

Ambassador TALBOTT. Thank you, Mr. Chairman.

Chairman HAMILTON. We stand adjourned.

[Whereupon, at 12:05 p.m., the committee was adjourned.]

FOREIGN ASSISTANCE LEGISLATION FOR FISCAL YEAR 1994

WEDNESDAY, MAY 12, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 9:37 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The House Foreign Affairs Committee will come to order. We are very pleased to welcome as our witness today, the Honorable J. Brian Atwood. He makes his first appearance before the Congress and this committee as Administrator of the Agency for International Development.

Mr. Atwood, we congratulate you on your confirmation, and this committee looks forward to working with you on the important matters under your jurisdiction. You are, of course, very well known to members of this committee, and you have had a very distinguished record of public service over a period of many years. So, we will be working closely with you to shape the future of the U.S. foreign assistance program, and we look forward to that opportunity.

We also want to take just a moment to say a word of appreciation to commend Ambassador Jim Michael for his service as the Acting AID Administrator over a period of months. We have appreciated his work in guiding the agency through the transition period.

We, of course, are eager to move forward on the issues that are relating to the reform of the U.S. foreign assistance program, and we look forward to our discussion with you today, with respect to the fiscal year 1994 budget request for the Agency for International Development.

You have your written testimony submitted to us. That testimony, of course, will be printed in the record in full, and you may proceed, sir, as you think appropriate.

STATEMENT OF J. BRIAN ATWOOD, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. ATWOOD. Thank you very much, Mr. Chairman. I thank you for the kind words, and I do look forward, as well, to working with this committee.

I also want to echo what you said about Jim Michel. He is a fine public servant, whom I first met at the State Department many

years ago. He has really done a great job holding together this agency, this so-called troubled agency, over many months.

I thank you for inserting my full testimony in the record. This is the testimony that was cleared by the Office of Management and Budget. I would prefer to state a few things on a more personal level, but nothing inconsistent with the cleared testimony. I think it is appropriate that I say a few things on a personal level, as this is my first appearance before any Congress. I think it is terribly appropriate that it be before this committee, in particular, since this committee has been in the forefront in attempting to reform the Foreign Assistance Act and AID. This committee has really been in a leadership role, so it is very appropriate that I appear here first today.

After my confirmation hearing a few weeks ago, the *Washington Post* indicated that they heard very little new in that testimony. I am very grateful to the *Washington Post* for spelling my name correctly, and for implying that maybe I did say something new.

What I think I was intending to do was to state, for the first time on behalf of AID, as the Administrator-Designate, some things that have been said many times in many different studies. What I was trying to do that I think was new, was to commit myself and the administration to significant change.

Substantively, as I have reflected on it, I think the *Washington Post* was probably right. There was very little new in what I said. There has been very little new said about AID since the Hamilton-Gilman Task Force report was issued in 1989. That was a very, very significant report. Your report called for a new Foreign Assistance Act. The Act of 1961 is now over 300 pages long. It is clearly in need of reform and streamlining.

You asked for a restructured AID. You indicated that we should identify four principal objectives, none of which I could disagree with. You made provision in your recommendations for greater flexibility in implementing programs. You call for more effective accountability systems, based on results, and you asked for improved coordination among U.S. agencies and other donors. I compliment you for your insights, and what I would suggest to you today that what is new is that your agenda is AID's agenda. It is also my agenda.

In 1989, when you issued your report, the Berlin Wall was just coming down. I would suggest that we could not see as clearly then the opportunities and the challenges of the new post-cold war era. We can see those challenges today, and we have begun to define our new foreign policy agenda. Every item on that agenda requires an effective, results oriented AID that has the flexibility to integrate the various development disciplines, and to operate with other donors to implement strategic development plans.

For example, what are the pieces of that agenda, the environment? The world met in Rio last year, and agreed, under the UNCED "Agenda 21" that there is a connection between sustainable development and the environment. This is very much a concern of the American people.

The world has expressed its concern about population growth and the migration of peoples around the world. This is very much part of our foreign policy agenda. Almost everyday we watch on our

televisions the manmade disasters. Our foreign policy agenda is very much about how we handle those disasters in Bosnia, Somalia, Haiti, Angola and Liberia.

Our agenda calls for an increase in the number of countries that practice democracy, and we have made major initiatives—bipartisan initiatives—to support democratization programs. As the world's industrial nations are racked with recession, never was economic growth more important. This is the foreign policy agenda of the Clinton administration. I believe that it is strongly supported by the American people, and I believe that these objectives have bipartisan support.

We cannot carryout a program to address these problems without an effective Agency for International Development. But, we are hamstrung and we must change.

Several years ago, a friend of mine, and I believe yours, Mr. Chairman, Paul Warnke, used a phrase to describe the nuclear arms race. He said, the superpowers were like apes on a treadmill, racing to keep up with one another, fearing the consequences of falling off or of being overtaken, and knowing all the while that what they were doing was very dangerous and counterproductive.

In some ways, this metaphor could be used to describe Congress and the executive branch on the question of foreign aid. I am here to tell you today how much money we are going to spend in fiscal 1994, and I am here to try to defend the administration's budget proposal.

You will want to know how much we will spend in each country. You will want to know about the decisions that we are going to make about a year from now on country allocations. You will want to know how much we will spend on population, on child survival, on women's programs, and on the environment.

I do not mean to anticipate what is going to occur at this hearing, Mr. Chairman, but I imagine that we are going to spend very little time talking about results, because your oversight mechanisms are designed to examine expenditures. In any case, AID is not organized to tell you with any detail what worked and what did not work.

I can tell you how much we spent on child survival, but I cannot tell you how many children we saved. In the back of the room sit representatives of organizations that care deeply about their piece of the pie. They are good people, they are concerned people, and they believe there is nothing more important than the mission of their organization and their earmark to continue doing their good work. Some have had to fight past administrations to get their mission funded. They are so used to fighting that they have not stopped to ask whether a new day has dawned.

The pie is getting dangerously smaller, and as the pie gets smaller, they fight ever harder for their piece, for their earmark.

Mr. Chairman, we all know that our fascination with expenditures is both dangerous and wrong. We all know we have to get off this treadmill, and to do what is right, but we have not. Not yet.

You tried in 1989, but the administration did not support your and Mr. Gilman's efforts, and your efforts failed. I am here to tell you today that we are ready to try to get off the treadmill if you are. That is what the Wharton Task Force is all about. That is

what my efforts to reorganize AID and refocus its mission is all about. We are not studying the problem any longer. We are taking our time, because we are planning for action, and we know that we will get nowhere without this committee and the Congress. Just as in 1989, you will get nowhere without the executive branch.

I have only been in office for a day, but I am here today to commit myself to taking the following actions. Number one, I volunteer AID as an active participant in the Clinton-Gore administration's effort to transform the institutional culture of the Federal bureaucracy. The Vice President's national performance review offers an enormous opportunity to go beyond talking about reform in AID to implement specific and fundamental changes.

Two, I have stated that AID has two, and only two, missions which are interlinked. We provide relief and support and a nation-building capacity in crisis situations, and we encourage sustainable development to prevent such disasters from occurring.

Three, I have ordered a review of all significant programs within the agency as a first step toward focusing on results. If resources are going into programs which do not yield results, they should be shifted elsewhere. Some special interests may object, but we cannot and should not support programs which cannot demonstrate what has been achieved.

Four, I am currently examining our portfolio of activities to determine which countries we can no longer afford to work in, and where it is clearly impossible to use scarce development resources effectively. Our assistance programs should be either reduced or redirected.

Five, I am making it clear to everyone inside and outside the agency that our efforts need to be refocused on helping people. That does not mean we will not deal with governments in the future. We will need to. But, development cannot be sustainable if it is not participatory and people oriented. This is as true abroad as it is here at home.

In addition, I intend to implement in the near future a number of organizational changes. I do so knowing that many of the problems of the agency will not be solved by moving boxes around an organizational chart. However, certain key changes are necessary to begin the process of changing the culture at AID.

First, maintaining a strong AID overseas presence is vitally important, and I intend to do so. However, I am seeking ways to save operating expense funds through identifying areas of increased efficiencies and smaller missions.

Second, I plan to strengthen the central policy direction of the agency, to rationalize and guide individual country program efforts. Strategic planning needs to be strengthened to help insure that AID is anticipating the challenges of the future, rather than responding to the problems of the past.

Third, I intend to strengthen and integrate AID's central capability to provide policy guidance, specialized expertise and support to our field missions, and to conduct necessary research.

Fourth, we need to deregulate. It takes us much too much time to accomplish anything. We push more paper than doing anything creative.

Fifth, I intend to foster teamwork within the agency, by establishing a new way of doing business, which encourages a greater sense of transparency and participation in decisionmaking and cooperation in meeting common objectives.

Finally, in addition to changes within the agency, I am committed to making changes in how we deal with outside actors. This would include first and foremost, a new relationship between AID and the Congress. We will also have a more collaborative effort with U.S. NGO's and PVO's. These organizations provide great opportunities, great insights, and great creativity. We need to work with them in a much more user-friendly way.

We also need to improve communication, consultation, and coordination with other U.S. Government agencies so that we can work together. That is being done now under an interagency working group. And, we need to strengthen U.S. international leadership amongst both multilateral and bilateral donors.

I am here today, Mr. Chairman, not only to try to defend the 1994 budget request, but also to lay down a challenge to work in a partnership to try to get this right. Because if we do not get it right, we are not going to be capable of dealing with the problems that make up our foreign policy agenda today.

As I have said this in another hearing, I believe very strongly that in this day and age, the so-called 150 account, the foreign affairs budget, is as important to our national security as is the 150 account, the so-called defense budget. It is vitally important that we have the resources necessary to address the concerns that we have as a people. It is vitally important that we are able to pursue our concerns about the environment, about democracy, about population and about economic growth. We cannot do that if we have nothing but an 150 account, as opposed to our foreign affairs budget.

I thank you very much, Mr. Chairman, over the years, not only for your friendship, but for your leadership in this entire area. Thank you.

[The prepared statement of Mr. Atwood appears at the conclusion of the hearings.]

RECOMMENDATION TO THE BUDGET COMMITTEE ON RECONCILIATION INSTRUCTIONS TO THE BUDGET RESOLUTION

Chairman HAMILTON. Thank you very much, Mr. Atwood. If you will excuse us here, we are going to deal with a budget reconciliation matter that the committee has to act on. I do not think it will take too long, and after that we will turn to questions. We will give you a little relaxation there, before we turn to questions.

Mr. ATWOOD. Thank you.

Chairman HAMILTON. I think members are aware that the Committee on Foreign Affairs was instructed on the conference report on the budget resolution to reduce spending authority under the committee's jurisdiction by a total of \$5 million over the next 5 years.

Now, the committee's recommendations on how to reduce this direct spending must be transmitted to the Committee on the Budget no later than May 14. The instructions contained in the Budget Resolution Conference Report were based on certain assumptions

regarding reductions in government retirement benefits. The committee has specific jurisdiction over foreign service retirement programs, which, in turn, fall under the jurisdiction of the Subcommittee on International Operations.

The chair recognizes the chairman of the International Operations Subcommittee, Mr. Berman of California, to explain the committee's recommendations to the Budget Committee. Then, after he comments, I will ask Mr. Gilman to comment. Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman. As you indicated, the committee is instructed under the conference report on the budget resolution to reduce spending authority under the committee's jurisdiction by a total of \$5 million over the next 5-year period.

I just want to point out, this is in the context of a reconciliation on mandatory entitlement statutory programs. This has nothing to do with the \$190 million or \$200 million in outlays that the budget resolution requires us to cut in discretionary appropriations.

But, on this \$5 million, while the Committee on Post Office and Civil Service has generic jurisdiction over civilian government retirement systems, and shares with the Committee on Foreign Affairs joint jurisdiction over the foreign service retirement programs, right now the Committee on Post Office and Civil Service is meeting, and they are expected to approve a government wide formula for reducing cost of living increases by delaying such increases for 3 months in each of the next 3 fiscal years.

By doing so, the CBO estimates that the foreign service retirement programs would be reduced by \$9 million over such a 3-year period, in contrast with the \$5 million over 5 years that we are being asked to reconcile. So, such reductions would exceed the minimum amounts required of the Committee on Foreign Affairs pursuant to the budget resolution.

We are told by the parliamentarian and the Budget Committee that there is no need for this committee to submit duplicative language, and we can fulfill our responsibility simply by agreeing to the Post Office Committee's proposal as it affects the foreign service and transmitting our approval by letter to the Budget Committee. I think each member has a draft of such a letter and I would recommend that the committee agree to the form proposed by the Committee on Post Office and Civil Service, and so inform the Budget Committee by this letter.

Chairman HAMILTON. Thank you very much, Mr. Berman. Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman. I would like to submit on behalf of the ranking Republican on the subcommittee that has jurisdiction over the foreign service, Mrs. Snow, a statement in which she has no objection to this recommendation to the Budget Committee, and I would like to join Congresswoman Snow in supporting the recommendation to the Budget Committee, which meets our reconciliation instructions pursuant to the budget resolution.

The committee's recommendation will put us in agreement with the Committee on Post Office and Civil Service, of which I am a member also, and which is about to endorse legislation which would reduce direct spending of civilian government retirement

systems by requiring a 3-month delay in the cost of living adjustments.

In each of fiscal years 1994 through 1996, according to CBO, such recommendation would reduce outlays by \$3 million in each fiscal year, for a total savings of \$9 million over the 3-year period. Mr. Chairman, I support the recommendation and urge its adoption. Thank you.

Chairman HAMILTON. Is there any further discussion on the reconciliation recommendation? Mr. Manzullo.

Mr. MANZULLO. Thank you, Mr. Chairman. I have problems with saving money by taking it out of the hands of Americans who have dedicated their lifetime to working for the U.S. Government, while we continue to give billions of dollars in foreign aid overseas.

I would suggest that the American populace would be very upset if they found out that we were giving money to the Russians by taking it away from the American retirees, and I would suggest that we take another look at how to save this \$5 million.

Mr. BERMAN. Mr. Chairman.

Chairman HAMILTON. Mr. Berman.

Mr. BERMAN. The budget resolution seeks cuts from mandatory spending programs of certain amounts and cuts from discretionary appropriations of certain amounts.

The foreign aid programs are potentially exclusively within the discretionary appropriations process. This is not part of reconciliation. We will, in the weeks ahead, be coming to put together a package on foreign aid and State Department spending that will have to cut the discretionary appropriations for these programs. The programs the gentleman mentioned are not within the reconciliation area, and therefore, cannot be dealt with here. Those cuts are made in overall retirement systems to deal with the instructions that the House gave to the different committees to cut mandatory spending programs.

Mr. MANZULLO. Will the gentleman yield to a question? What other areas would be available to be cut besides the retirement benefits?

Mr. BERMAN. There is nothing within the jurisdiction of the Foreign Affairs Committee which would be able to be cut.

Mr. MANZULLO. Then I would suggest perhaps we take a look at redrafting the organic legislation that makes American retirees pay the price for, pay a heavy price. Thank you, Mr. Chairman.

Chairman HAMILTON. Is there further discussion? If not, then, without objection, the chair and the ranking member, Mr. Gilman, will submit the committee's recommendation as discussed to the Budget Committee in the form of a letter. I think, Mr. Gilman, we have agreed on the language for that?

Mr. GILMAN. There is no objection, Mr. Chairman.

Chairman HAMILTON. Ms. Snow's comments, of course, will be included in the record without objection. The letter will be included in the legislative report to accompany the Omnibus Reconciliation Bill.

[The information appears in appendix 1.]

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I would just like to take this opportunity to welcome Administrator Atwood, and thank him

for setting aside his time so we could conclude some of the committee business.

This is his first official appearance before the committee since confirmation. We have heard some stories about public servants who serve in different positions in a single administration, but I think Mr. Atwood's takes the cake and maybe a record holder, having been confirmed twice in a period of 30 days in two important posts, as Undersecretary of State for Management, and as AID Administrator. AID can certainly utilize someone's talents such as Mr. Atwood has at the helm, with strong management skills.

As you know, we have had a long interest in reforming our foreign assistance program, so we certainly welcome your remarks this morning, Mr. Atwood. The findings and recommendations of this committee's 1989 report of the Task Force on Foreign Assistance, which I had the privilege of cochairing with our distinguished committee chairman, Mr. Hamilton, still remain valid as you come in. I hope that your appearance today means that you join with us in moving the reform process forward, and I think your remarks indicate that.

I am eager to hear your vision as we get into some of the questions and answers. Mr. Chairman, please forgive me for rushing over to the Post Office Committee to let them know what our reconciliation recommendation is, as they take up a similar recommendation. Thank you, Mr. Chairman.

EXECUTIVE BRANCH REVIEWS ON FOREIGN AID

Chairman HAMILTON. Thank you very much, Mr. Gilman. We will turn now to questions. Mr. Administrator, perhaps you could begin just by giving us a report on the status of the executive branch reviews that are under way on foreign aid; the National Security Council study and the Wharton study. What kind of a timeframe are we looking at before we receive those?

Mr. ATWOOD. Mr. Chairman, we are nearing completion of both studies, which are, of course interlinked. They are both part of the same study. One to review all of the foreign assistance programs that the various U.S. Government agencies are engaged in, and the other to look at aid reorganization in the context of the 150 account.

I am meeting this afternoon with Dr. Wharton to look at a final draft of the reform plan. As I indicated in my opening remarks, we are not talking about a report that is going to review or study the problem. As Dr. Wharton himself has said, we have done this many times before, and you started that process in 1989.

What we are looking at is an action plan that will ultimately become, I hope, a major reform of the Foreign Assistance Act of 1961. We look forward, before releasing that plan, to consulting with you, and with members of the committee. I expect that we will be ready to do that within the next couple of weeks.

Chairman HAMILTON. What form are we going to get this in? Are you going to submit to us a draft bill, or a document which sets forth the conceptions underlying the bill?

Mr. ATWOOD. The first step is a report which will be made available publicly, but which we would like to discuss with you and get your input before it is finalized. Then, it would be made public as

the administration's position on foreign assistance and on AID reorganization.

We would then plan to submit a draft bill after consulting with you. I would hope that we would be able to get this up, as we have discussed privately, by July 1, so that we can then reflect on it and hear what the Congress has to say about it.

Chairman HAMILTON. Now, a lot of reform of the foreign assistance program can be done administratively, without legislative action. Do you anticipate making fairly extensive administrative reforms?

Mr. ATWOOD. Yes, sir, I do. As we have also discussed, I think it is very important given the skepticism up here generally I do not blame people for being skeptical. I therefore believe that we must take the first steps downtown. We have to demonstrate our goodwill and we have to take major steps under the authorities that we now have to begin to correct the problems that we see.

I have identified some of those problems today, and we can talk about them at greater length.

Chairman HAMILTON. You will keep this committee carefully informed about any administrative changes, I presume?

Mr. ATWOOD. Oh, absolutely, Mr. Chairman. I would not take any step without first consulting here.

Chairman HAMILTON. Do you believe you have the necessary flexibility under present law to carryout administrative reform?

Mr. ATWOOD. Somewhat to my surprise, having come from the State Department, where the Secretary does not have as much flexibility as the Administrator, apparently I do have such flexibility. I promise you I will not misuse it, and that we will consult widely before taking the steps that we will take.

Chairman HAMILTON. Can you give us any thoughts about how you see the relationship between AID and the Secretary of State?

Mr. ATWOOD. One of the major criticisms of AID in the past has been that there has been a tension between the State Department and AID. I think part of the reason is because of the different functions that are performed. Basically, the people at the State Department are diplomats and negotiators, and they are very good at what they do.

The people at AID are resource managers. They are more programmatically oriented. But, also, one of the problems is that we have not been, it seems to me, able to deal with crisis situations. An increasing number of countries like Somalia, Haiti and Angola are falling off the edge and are losing their sovereignty to anarchy. Their governments are no longer legitimate, and their institutions are not in place.

One of the things I would like to do is have AID develop a better capacity for doing urgent nation-building work—institution building work—in crisis situations. I think a lot of the tension between State and AID will be removed, if we are able to develop such a capacity.

I also believe that we will be better able to do our sustainable development work, our long-term development work, if we are seen as responding to these crisis situations.

U.S. PARTICIPATION IN UNFPA

Chairman HAMILTON. Mr. Director, I know that a lot of my colleagues this morning are concerned about a speech given yesterday by Mr. Wirth, his title is now Counselor. I thought I would give you an opportunity to comment on that.

I just want to indicate my understanding of what he said and what he did not say, and you correct me if I am wrong. He announced yesterday that the United States intends again to contribute to the U.N. Population Fund. I think President Clinton had previously announced that he wanted to resume U.S. participation in the UNFPA in the 1994 budget request for international organizations and programs includes \$50 million for that organization.

Mr. Wirth's prepared statement says that the United States, ". . . is close to a final decision on conditions for the U.S. contribution in the level of funding." That is from his prepared text. The press reports indicate that he said that the United States will require a separate fund to assure that no U.S. funds are used in China.

If I understand, Mr. Berman, in your draft of the State Department bill, you include language requiring a fencing off of the U.S. contribution, is that correct?

Mr. BERMAN. Yes, Mr. Chairman.

Chairman HAMILTON. I understand that the United States will announce shortly a fiscal year 1993 contribution funded from AID population funds in the range of \$30 to \$35 million. It is also my understanding that press reports indicated that Mr. Wirth advocated the repeal of the so-called Helms Amendment to the Foreign Assistance Act. That amendment, of course, prohibits AID from funding abortion. I am advised that Mr. Wirth has said that he did not make that statement, and that the press misinterpreted his remarks.

He did say in his prepared statement that the United States supports promoting access to the full range of quality reproductive care, including women centered, women managed services.

Now, I go through that in some detail because I want to make sure we have an understanding of the administration's position, and I would ask you if you would to comment on my observations.

Mr. ATWOOD. Yes, Mr. Chairman. In fact, what Mr. Wirth said in his speech yesterday was that he did reconfirm that the President intends to have the United States, with the approval of Congress, obviously, rejoin the UNFPA.

He also said that we are close to making decisions with respect to the conditions and the amount of funding that we would provide. I had the opportunity to speak to him by phone just before this hearing, and you are correct that he did not advocate removing the Helms Amendment. He did say that it is our position to support reproductive choice, including access to safe abortion, which is quoted in the newspaper this morning.

We believe that part of any reproductive health services program should include providing professional advice with respect to this question, and our policy is based on the concept of individual choice.

The UNFPA has a \$1 billion a year budget. Approximately \$10 million of that budget is spent in China. It is our understanding that they believe that it is important for the international community to have a window on what is occurring in China, and that is a small window that we can use to monitor what is going on there.

I can say personally, and on behalf of the administration, that we are appalled by some of the reports that we hear about coerced abortion in China. The UNFPA has very strict policy which conforms completely with our own policy, which is that they do not support coerced abortion, or involuntary sterilization.

So, we believe that it is possible to rejoin UNFPA, and that it is consistent with the Kemp-Kasten Amendment. Indeed, it is somewhat surprising to us that any other legal interpretation could be placed on our involvement with the UNFPA. We will seek to create conditions that will enable us to fence off any U.S. taxpayers' money going to the small program the UNFPA has in China.

Chairman HAMILTON. Thank you, Mr. Atwood. Mr. Hyde.

Mr. HYDE. I would yield to Mr. Smith, if I may, on this question.

Chairman HAMILTON. Mr. Smith.

Mr. SMITH. I thank my friend for yielding. Mr. Atwood, I appreciate your comments in response to the distinguished chairman. Let me just say a couple of points in opening, and then offer a couple of questions.

As I think you know well and members of this committee know well, under the Bush administration and under the Reagan administration before it, population policy and population planning funds were predicated on two essential tenants. One, that all programs be absolutely voluntary, and secondly, that abortion not be used as a method of birth control.

Hence, the Kemp-Kasten language sought to stop funding, to preclude funding to those organizations that either supported or co-managed any program of coercion, involuntary sterilization, forced abortions and other types of intrusions into family life, and particularly into women's lives, because usually, whether it be involuntary sterilization and obviously abortion, they are the ones who are the victims of the government intrusion.

In the area of abortion as a method of birth control, the Mexico City policy was a very well calibrated, focused policy that said that those organizations that are setting up shop, promoting abortion, trying to bring down those laws in various countries where, particularly in Moslem and Catholic countries, where there were prohibitions against abortion on demand, that we would not be aiding and abetting those organizations in that effort.

Unfortunately, the Clinton administration has sought to reverse both of those policies, and I would respectfully submit that fencing off money as it goes to the UNFPA, and suggesting that an accounting trick, because money is fungible, whereby there is a segregated account, and we insist that our money not go to China—obviously, if our money goes to the UNFPA, that frees up other money within that pool of money to go to the UNFPA. It is not insignificant. They have spent in excess of \$100 million over the last decade, and have been crucial, absolutely vital, in enabling the Chinese to hone their ability to enforce the birth quota system, the one child per couple system, in the People's Republic of China.

In other words, we have been collaborators, not we, the UNFPA—but, we stand poised to become collaborators, however indirect you may think that may be, with the brutality of the hardliners in Beijing. Accounting tricks just do not do it, I would respectfully submit.

I also would suggest, and perhaps you want to speak further on this, that to do so before the Kemp-Kasten Amendment expires—that is to say, if Congress does not go ahead and reauthorize it, which I do not think is likely, I do submit that that would be in violation of that particular statute.

The Kemp-Kasten language is very clear and very simple. Support or comanage. If we are providing money to the UNFPA, again, a simple accounting trick of saying our money is fenced, I don't think fulfills either the letter or the spirit of that particular amendment, and I would suggest that there will be a challenge legally on that.

I would hope that the administration would reconsider. Volunteerism has to mean something in population control programs. In China, we give the green light by providing monies to the UNFPA to the hardliners. We tell them that it matters little. We will pay lip service, we will say that we are in opposition to forced abortion.

Meanwhile, the UNFPA will say, we have our money. They will say, as Dr. Sadiq has said over and over and over again on national television, that the Chinese program is voluntary, and the record is replete with that. She has said it on CBS Nightwatch and a host of other programs, that it is a voluntary program, when the information completely contradicts that. That is like saying that the Serbs are not the aggressors in Bosnia. It just simply does not cut it when the facts are presented. I would hope that the administration would reconsider violating the Kemp-Kasten Amendment which you are poised to do.

I also hope that we do not get into the business, as the chairman was alluding to, of directly funding abortions via repeal of the Helms Amendment. I was happy to hear that Mr. Wirth was misquoted apparently in that regard, because then we go from not only aiding by way of supporting groups like the UNFPA and IPPF of London and others. We then would have the U.S. taxpayer paying for abortions.

So, I guess my question is more of a statement. I would hope there would be a reconsideration on the part of the administration. Volunteerism has to mean something, Mr. Atwood. It has to mean something. We will be aiding and abetting. I have met with Le Pong in China. He claims that his population control program is voluntary. I have met with Pong Pion, the head of the State Planning Agency in Beijing for 3 hours. It was almost a 3-hour meeting, and she kept insisting that it is a voluntary program. The UNFPA insists, over and over again, that it is a voluntary program, which is a lie. We will be part of that cover up, and the Clinton administration will be part of that cover up, if we provide money to an organization that has been, for the last 10 years, providing a white-washing of these crimes against humanity, which this Congress, on two occasions, has gone on record and called what China is doing

to its women and children crimes against humanity. I ask for a reconsideration, Mr. Chairman.

Mrs. MEYERS. Will the gentleman yield?

Chairman HAMILTON. Does the gentleman yield to Mrs. Meyers?

Mr. SMITH. First, if Mr. Atwood would respond, I would be very happy to.

Chairman HAMILTON. He does not yield. Mr. Atwood, you may respond.

Mr. ATWOOD. Thank you, Mr. Smith. Let me tell you where we agree. First, we agree that all of these programs should be voluntary, and that U.S. taxpayers' money should not be used for abortions.

Mr. SMITH. If I may interrupt, respectfully, does that mean the administration wants the Helms Amendment to be retained?

Mr. ATWOOD. We have stated that we will abide by the Helms Amendment. That is part of American law. We are not asking that it be appealed at this juncture.

Mr. SMITH. Do you support it?

Mr. ATWOOD. I am not going to give you my personal views today. I am telling you what our position is. Our position is that we will abide by the Helms Amendment.

Let me say something about the question of the trick you call fencing, and I would suggest very strongly that this is no trick. Because, number one, not only are no U.S. taxpayers' money to be used if Mr. Berman's formulation is adopted, but also the UNFPA has a strong policy against coerced abortion, as well. I would suggest to you that with respect to what is going on in China now, that while we have the same objective, which is to stop this national targeting and this coerced abortion, it is more useful to have the international community there working in a manner that does not contribute to coerced abortions, in a manner that will enable the international community to monitor what is going on, to provide the evidence, and to hopefully deter some of this kind of activity. And, that is our position, Mr. Smith.

Mr. SMITH. If I may respond, Mr. Chairman? Thank you. You undoubtedly read the New York Times piece on April 25, which was just another insight into the brutality of the Chinese program, front page. The point was made during that article, and I have checked with a number of demographers, including John Aird, that the coercion in China over the last 2 years has been increasing. Not decreasing, increasing.

You indicated that the UNFPA has a very strong position against coercion. I would ask you to show me where, anywhere on the record, where the UNFPA has had absolutely any mitigating influence and where any of the officials, including Dr. Sadiq, who told me in a meeting in New York when I was a congressional delegate, that it is a voluntary program, and that they have investigated it thoroughly and it is a voluntary program, where they have done anything but said that it was voluntary as opposed to what the rest of the world, including U.S. journalists have found it to be just the opposite. Where have they said, it is a coercive program?

Mr. ATWOOD. They have said it publicly. It is part of their by-laws.

Mr. SMITH. No, where have they said—I mean, we have known this for years. I have been Helsinki Commissioner for the last 12 to 13 years I have been in Congress. We know that the constitution of the former Soviet Union was one of the best written constitutions, guaranteeing every right under the sun. It was never implemented.

The problem with the Chinese, or the UNFPA policy, is that it reads very well. I am in full accord with it. It also says, as recommendation 18 of the U.N. World Plan of Action, that abortion should in no way be used as a method of birth control, as I think you well know. Unfortunately, Mr. Wirth indicated yesterday he wants that reversed.

But, all of the paper promises are meaningless if there is no implementation. I have looked with great care and with great expectation, which has been diminished over the years, hoping that the UNFPA would make some noise, offer some protest over what the Chinese have been doing, and the record is one blank paper. Nothing. If you could show me to the contrary, I would be more than happy, you know, accept it, but I have not seen anything. Can you show us on the record where they have in anyway objected to the Chinese program?

Mr. ATWOOD. I would simply suggest to you, not having that record before me, Mr. Smith, that U.N. agencies do not make a practice of making public statements about countries in which they are working.

I would also suggest to you that that does not rule out the possibility that representations have been made privately. But, more importantly is the point I made earlier, which is that they are there, they are monitoring and they are providing evidence. Frankly, if we are participating, and we are expressing our views with the influence of the contribution that we are making, I think that we can make progress along these lines, Mr. Smith.

Mr. SMITH. Finally, I know that, briefly, they have made public statements in countries where they have been working. They have provided all of the front, all of the apology that the Chinese could possibly ask for in their public statements, both in their Beijing people, their personnel there, as well as out of their New York office, continually telling all of us that it is a voluntary program. So, they have made public statements.

Chairman HAMILTON. Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman. I think this is a subject we could debate for a great deal of time. I think, from a budgetary point of view, it is important to note that the Chinese program is about \$2 billion. UNFPA participation, however, I believe, is about \$10 million.

The UNFPA budget is about \$300 or \$350 million, of which \$10 million is in China. The U.S. contribution would be approximately, for fiscal year 1994, about \$50 million of that. China is a very small part of the U.N. program. Massive other programs are undertaken through that process. As we get down the road on marking up bills, we can go through this, and see if something can be worked out.

I take it the existing language in the Foreign Assistance Act with respect to prohibiting the use of development assistance funds to

perform abortions is not something that is going to be the thrust of a repeal effort this particular year.

I would like to congratulate the Administrator both on his confirmation and his testimony. I thought it was very good. I have to tell you, you made a great case for the substantive need for the reform. The political need for reform of the development assistance and aid process is equally important, because there are large numbers of sincere supporters of international commitments and people who want America to be involved, but who have real concerns about the existing organization of a number of these programs.

So, I congratulate you on making such a priority of efforts to reorganize and increase the efficiency and effectiveness of our foreign aid programs. I think it will be essential as part of the process of building a defense, which I think is worth building, of those programs.

Your budget is attached to the last page, and I think it is important to point out to the committee the note that essentially, there is a freeze of fundamental development assistance programs, the reduction in the total development assistance funds, and a reduction in economic support funds. Not included in this budget is a listing of the security assistance programs, the bilateral security assistance programs, which are also substantially reduced. In fact, even more reduced than in the President's budget submission. Then, of course, there is the increase in humanitarian aid to the new independent republics, down on the last line before the totals.

The AID operating expenses show a straight line, but in reality that straight line is a cut, as I understand it, because the President's budget submission does not contain language which was contained in this year's appropriations bill, allowing a certain amount of programmatic funds to be used for AID operating expenses.

So, as I understand it, you have no inflation increase in here whatsoever, a total freeze on operating expenses, and in reality, a cut of an additional \$20 or \$25 million in your operating expenses. Is that a fair statement?

Mr. ATWOOD. Mr. Berman, in fact, the cut in operating expenses is \$42 million. That is made up of a reduction in operating expenses that we would transfer from the program accounts. That is \$20 million. Then, \$22 million, because of cost of living increases in various countries around the world.

So, it is, in fact, not a straight line. It is a \$42 million cut in our operating expenses.

Mr. BERMAN. Explain that ESF comment. The ESF monies includes within it operating expense funds?

Mr. ATWOOD. We would receive a certain portion of operating expense compensation from transfer from program accounts. Because these are not being requested, our operating budget is reduced, in this case, by \$20 million.

Mr. BERMAN. So, the \$90 million in ESF cuts, in effect, creates about a \$20 million cut in your operating expenses?

Mr. ATWOOD. The other relates to local currencies, which are used for cost of living expenses in the various countries in which we operate.

Mr. BERMAN. Thank you, Mr. Chairman. I have no further questions.

AID TO CYPRUS

Chairman HAMILTON. Mr. Hyde, you yielded previously to Mr. Smith. I'll recognize Mr. Hyde, if that is all right.

Mr. HYDE. It is, and I thank you, Mr. Chairman. Mr. Atwood, in looking at the support fund request, I notice Cyprus is down for its annual \$15 million. Why do we give money to Cyprus? I know the answer used to be, we always have, and I wonder if that is still the rationale?

Mr. ATWOOD. That sounds like a good rationale, Mr. Hyde, but in fact, we continue to be concerned about this divided island, and all of the dislocations that are occurring there as a result of a failure to reach a peace agreement on that island.

ANDEAN NARCOTICS PROGRAMS

Mr. HYDE. All right, then, it is a stabilization fund, of sorts. I notice Andean narcotics, we have cut Bolivia down from 70 to 40, Colombia from 20 to 15, and Peru from 40 to 22.5. Are we making that much progress down there in the fight against drugs?

Mr. ATWOOD. I think, Mr. Hyde, that this is a reflection of a reconsideration of some aspects of those programs that have not been working terribly well, such as the crop substitution programs and some of the other interdiction efforts. That simply represents, I think, a change of our overall approach.

We have increased funds for other aspects of development in those countries, which we think have a direct impact on fighting the narcotics traffickers.

ASSISTANCE TO NICARAGUA

Mr. HYDE. On the subject of Nicaragua, February 26, four Republican members of the House, Bob Michael, Ben Gilman, Bob Livingston and Chris Smith, up here with me, and three Republican Senators, Dole, Helms and McConnell, wrote to Mr. Christopher, asking that no further economic aid to the current Nicaraguan government be released prior to consultation with Congress. The \$50 million that had been suspended to the government of Nicaragua was released, despite these objections, and without any consultation.

Now, I note that there is \$50 million in fiscal 1993 funds, and \$35 million in fiscal 1994. With regard to that, what is AID going to do to make sure that this money gets to the people it is intended to help, rather than the Brothers Ortega?

Mr. ATWOOD. Mr. Hyde, let me say that we did conduct consultations before making what was a difficult decision to release the second portion of a \$104 million program for Nicaragua. In fact, the first \$54 million was released by the Bush administration, after struggling with these very same issues.

We are still concerned, and we have therefore continued to condition our assistance to Nicaragua on progress made on the property claims issue, on human rights, and separation of the military from the Sandanista party. In addition, concern about reconciliation within the country generally.

With respect to these new monies, our programs are designed to enhance the progress made on all fronts. Indeed, it is particularly

concerned with achieving some degree of economic viability for the very fragile democracy that Nicaragua is today. It is extremely difficult, obviously, to make progress in a situation like this, and one has to be fearful that our actions will create a renewed polarization of the situation, and maybe even, once again, a new civil war.

I am sure that that was the consideration that the Bush administration went through when they made their decisions. It was our consideration, as well. We will continue to watch this very closely. We will try to assure that our economic assistance programs are getting to real people, as I want to do in all cases of foreign aid programs in foreign countries.

ASSISTANCE TO THE PHILIPPINES

Mr. HYDE. I would like to say that I am pleased with the requests and your dealing with them. I think you have done a good job in trying to back away from ever increasing, or even status quo, and I think where you have increased, the situation requires it. So, I am not in the least bit critical.

I will make a comment, however, and this is more my own sorrow. I see the Philippines is down for \$10 million. It is a considerable discount from the \$25 million in fiscal 1993. I have a particular relationship with the Philippines. I was there for a year and a half in World War II, and knew an awful lot of people, and came to love the people and the country. So, I was very saddened when they told us to get out of Subic Bay, and of course, Clark Field, nature took care of that. But, Subic Bay was very important, and lots of Philippine jobs, 63,000 jobs, as I recall, from America's presence in there. But, they, in a burst of nationalism, told us to get lost.

So, perhaps if I was setting this up, they would get considerably less than you have there, because they obviously do not need the financial support that they got, at least out of having Subic Bay there. That does not call for a comment. My own petulance need not be yours. Thank you.

ASSISTANCE TO AFRICA

Chairman HAMILTON. Thank you, Mr. Hyde. Mr. Johnston?

Mr. JOHNSTON. Thank you very much, Mr. Chairman. Mr. Atwood, Cato finished every speech in the Roman Congress with, "Carthage must be destroyed." I am going to finish every speech with you, as I have, with "Africa must not be ignored."

I note in your talk, fortunately, and in your proposed budget, that DFA funds stay the same, of \$800 million for 600 million people, I might point out. The rumor is rampant, you know, that that is going to be cut in order to underwrite Russian aid. I just want to get a confirmation from you that \$800 million, as far as you are going to commit to, is going to stick?

Mr. ATWOOD. Well, Mr. Johnston, I certainly share your views about the importance of Africa, particularly now, given what is happening in Africa. It is a very exciting time to be in Africa. They are really moving through their second independence, and in many countries who, for years, were mobilizing their people along a negative theme which was anticolonialism, are now mobilizing their people along a new theme which is democracy. I think it is exciting, and we must be there.

I fully support what you are saying. The administration is listening very carefully to what you are saying and what others are saying about this, and I do not have anything new to report to you on that question. I am here today to support a budget request of \$800 million for the DFA.

Mr. JOHNSTON. Then, let me look at the next thing, two things down from your budget, African Disaster Assistance. Last year, you had \$100 million in there. This year, there is nothing. That, to me, is irresponsible considering we are looking down the barrel, literally, at starvation across sub-Saharan Africa, and specifically the Sudan, which is going to almost be another genocide, if we do not get assistance there.

Mr. ATWOOD. The special Africa Disaster Assistance program that was enacted last year earmarked funds for Somalia. Those funds have not all been expended for Somalia. As we phased down that operation, we felt as though we could integrate that particular line item into the overall international disaster assistance, so we are asking basically for the same amount of money. It is just that we are asking for the flexibility to be able to use it in other parts of the world, as well.

Mr. JOHNSTON. Are you asking for \$100 million again?

Mr. ATWOOD. We are asking for \$148,965,000 for international disaster assistance. That is the same amount we asked for last year. The international disaster assistance line item was \$48 million. The Africa disaster assistance was \$100 million, so we are combining those, and that will give us flexibility to use the funds for disasters, whether they occur in Africa or elsewhere.

Mr. JOHNSTON. Thank you very much.

Chairman HAMILTON. Ms. Ros-Lehtinen.

AID TO NICARAGUA

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman. Just to echo the concerns that Congressman Hyde had about the continued aid to Nicaragua, I want to make sure that, there are so many of us who are concerned about the lack of democratic reforms and the growing Sandanista control of the armed forces, the police, the courts, the national assembly. Many promises that have yet to be kept, and we want to continue with democratic reforms, and some of us believe that withholding the aid or putting some strict conditions on that aid will further democracy and bring true democracy to Nicaragua.

Some of us believe that that true democratic reform has not yet been reached, and the many promises of Dona Violeta have not been kept. There is a great sense of dissatisfaction with the slow pace. Not just the slow pace, but actually the change of direction, which seems to be going on in Nicaragua. Some of those conditions that we have set are not very tough for them to follow in order to get more funds, and yet continue down their path of furthering the growing entrenchment of Sandanista control in Nicaragua.

Mr. ATWOOD. May I just say that, having worked in Nicaragua with the National Democratic Institute, I think I understand the situation there very well. It is always a difficult situation when the military is controlled by a particular political party. I think major

efforts were made to reduce the military forces from something like 80,000 down to 18,000. That is significant.

There have been agreements that a term of office will be set for the commander of those military forces. We want to wait and see whether or not that will be carried out.

But, in a situation like that, in a very poor country, what is important, I think, after a war, is that there be some degree of reconciliation. We have been encouraging that, as well. This is not just the Clinton administration. This was being done by the Bush administration.

In recent weeks, there have been some very important talks between Mrs. Charrarro and her government, and the UNO forces that helped elect her in the first place. We need reconciliation on all sides in Nicaragua, and I think that was very significant.

These things happen in fragile democracies, particularly when there is still a threat from extremists on both sides, very incrementally. We must, I agree with you, continue to keep the pressure on, but there is a point when obvious and blatant intervention by the super power to the North has a counterproductive effect. It is all a question of balance, and that is what the Bush administration tried to do. That is what we are trying to do.

AID TO AFRICA

Chairman HAMILTON. Mr. Payne.

Mr. PAYNE. Thank you. Let me congratulate you, Mr. Atwood, on your appointment as the Administrator for AID. I am certainly familiar with the outstanding work you have done with the NDI years ago.

Let me once again get back to the question that Mr. Johnston asked, as relates to the DFA and the African disaster assistance. Would the unspent \$100 million from fiscal year 1993 be held to continually use for assistance in Africa, or will it go into the fund for 1994, the general fund that will be used worldwide? Since it was specifically earmarked for Africa, are you sending the remainder back into a general fund?

Mr. ATWOOD. Mr. Payne, I am informed that there are no longer any unexpended funds from fiscal 1993. It has all been obligated for expenditure in Africa, so I guess that moots your question.

Mr. PAYNE. All right. As you know, economic support funds and development funds for Africa are funds that actually assist strongly in development, and is important if an area is going to move ahead economically. You may know that there has been a reduction from, say, fiscal year 1991. There has been a reduction in the amount of the development fund for Africa and economic support funds for Africa, which has been reduced from about \$900 million down to a little bit below \$800 million.

We feel certainly that this is a step in the wrong direction. As a matter of fact, in fiscal year 1991, we authorized \$1.2 billion for Africa, which was not appropriated, was reduced to \$1 billion, then finally to \$800 million, actually appropriating \$750 million.

It seems that Africa, first of all, never really received proper funding. It never was a priority. It always was on the back shelf in the days when foreign affairs had less of a negative connotation, than as it has today. Now, we are seeing that since it was on the

back shelf before, and there is a new attitude toward foreign assistance in the country, the mood of domestic first, we are going to see a continent which was denied during the time when it was not unpopular to be further penalized because of a shift of attitude.

I think that that is unfair. I think that the \$800 million is insignificant. It is far from the amount of authorizations or appropriations that we need, and I wonder whether, in your opinion, this current level is adequate? In your opinion, do you feel it is going to remain this way or be reduced, or do you agree with what I have said previously, that Africa has traditionally been underfunded. It has more problems than anyplace in the world, and to reduce the attention even further, I think is unjust.

Mr. ATWOOD. Mr. Payne, I do think that, historically, Africa has been underfunded. I do think, however, in the context of this budget, it is an indication of the administration's support for Africa that it has maintained the level for the development fund for Africa.

One can look at the glass as half empty or half full, and I would prefer to look at it as half full in the context of a very constrained budget. We have reduced, as Mr. Berman indicated earlier, a budget for development assistance across the board, and yet we have not reduced the development fund for Africa.

Mr. PAYNE. Thank you. I hope that we can eventually get to the point where we can have the glass maybe a little bit more than half full, because it has been mostly empty all along. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Rohrabacher.

SOUTH PACIFIC TUNA

Mr. ROHRABACHER. Thank you, Mr. Chairman. Mr. Administrator, what is this South Pacific tuna, \$14 million? What is that all about?

Mr. ATWOOD. I am sorry. I do not know what document you are reading from, and I will have to ask my colleagues if they can tell me—

Mr. ROHRABACHER. South Pacific tuna?

Mr. ATWOOD. South Pacific tuna, did you say? This is a treaty commitment funded under our Economic Support Fund.

Mr. ROHRABACHER. The purpose is to what?

Mr. ATWOOD. It is a treaty commitment.

Mr. ROHRABACHER. To help the tuna keep healthy down there.

Mr. ATWOOD. Which allows U.S. fishing vessels in these waters.

Mr. ROHRABACHER. It just seems to me we are spending \$14 million on tuna, and it does not make me feel very good about spending \$14 million on tuna when the first action of the committee this morning was to take millions of dollars out of a retirement fund for civil servants.

ASSISTANCE TO TURKEY AND BURMA

What about this increase in foreign aid to Turkey? What is that all about?

Mr. ATWOOD. My understanding is that our request is for the same level of assistance to Turkey, which is \$200 million under the ESF account, is that correct? Yes, that is what it is, so it is not an increase.

Mr. ROHRABACHER. It is not an increase?

Mr. ATWOOD. No.

Mr. ROHRABACHER. OK, I am reading off a document, and perhaps I am misreading the document or whatever. Are you zeroing out your request for \$1 million that was given to the only democratic elements left in Burma? In other words, which we were giving some money to Burmese students along the border. Is that being zeroed out in your request this year, and if so, does that reflect a change in government policy of this administration toward dictatorship in Burma?

Mr. ATWOOD. No, it does not reflect a change in government policy. It may reflect the constraints that we have under the budget, but we continue, obviously, in a variety of ways, including through the National Endowment for Democracy, to fund those courageous people along the border.

Mr. ROHRABACHER. In terms of Turkey, again, you are sure that your request is at the same level?

Mr. ATWOOD. I am told that there is a slight increase, but I think I would like to provide the answer for the record, if I could, to be more accurate.

[The information follows:]

The administration is requesting \$143 million in Economic Support Funds (ESF) for Turkey in fiscal year 1994. Fiscal year 1993 appropriations included a \$125 million earmark of Economic Support Funds for Turkey. However, we plan to obligate a total of \$200 million in ESF for Turkey in fiscal year 1993, which includes \$75 million carried over from fiscal year 1992 appropriations.

Mr. ROHRABACHER. Now, earlier, in your initial statement, you stressed that your policies were all consistent with choice. I mean, I must have heard the word choice about 10 times in your statement, but then you stated very firmly that the administration is not requesting a change in the Helms Amendment. That just seems to be a contradictory position, and I wonder if you could explain that to me?

Mr. ATWOOD. Well, let me just say with respect to the references to the matter of choice, it is in juxtaposition to the notion that we would somehow support national planning targets, which we think run counter to our own values as a nation. Because, when you do set national planning targets, you encourage all sorts of bureaucrats to do all sorts of things, which apparently they are doing in a rather untoward way in China, and perhaps in other countries as well.

What we believe in, as Americans, is the concept that individuals ought to be able to choose their own future, and that is why I emphasized the question of individual choice in our programs. This has been traditional. It is not a partisan question.

Mr. ROHRABACHER. Perhaps the fact that you used the word choice so often was probably one of the reasons why people focused on you, to try to make sure you were not really advocating a change in the Helms Amendment language. Thank you very much. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Menendez.

DEMOCRACY AND SUSTAINABLE DEVELOPMENT

Mr. MENENDEZ. Thank you, Mr. Chairman. I want to congratulate the Administrator, and having had his testimony before in your previous temporary position, I know the quality of your ability and your answers, and your reputation that proceeds you.

Mr. ATWOOD. I hope you are not implying that this is a temporary position, Mr. Menendez? [Laughter.]

Mr. MENENDEZ. No, I am not. I certainly am not. It is good for at least 4 years, I would think. I, unfortunately, came in a little late, so I did not have the benefit of hearing your oral testimony. I read all your written testimony, and when you start describing, can we afford foreign aid, and I certainly agree with what you set out, but I was concerned when I did not get until page 6, where we mention democracy as one of the things that we would hope the AID program would also engender.

It is buried in there under your third point, third major point, and it may be just stylistic, but I just want to take the opportunity to say that I think it is an essential component, one of the major pillars that you should have, because in my view, it transcends some of the other issues, and in fact, enhances the achievement of the goals of some of the other issues.

So, I hope that as we go through this restructuring and participate in this colloquy that you have called upon the committee and the Congress to do, that that has a high level of one of your pillars in the process.

Mr. ATWOOD. May I comment on that, Mr. Menendez?

Mr. MENENDEZ. Surely.

Mr. ATWOOD. I guess I am known as a person who subscribes to democracy, democratic development, having been the president of the National Democratic Institute for 7 years, and I certainly agree with you. But, it goes beyond just funding democracy programs. It goes to the whole question of what sustainable development is.

If we cannot work in a country where the government will not allow us to have access to the people, and to indigenous NGO's, I do not believe that we have a sustainable development program. We cannot sustain development, unless the people have a stake.

So, as we look at how we can pare down our program—and we are going to have to do that because of the cuts in this budget—we need to look very carefully, not in foreign policy terms so much—this is the State Department's job to set conditions. That is the foreign policy side. My view is that if we do not feel that we have an environment that is at least encouraging democracy and the participation of people, then we do not have an opportunity to make development work.

That is why I believe very strongly that democracy is totally integrated into our economic program, as well as our political development programs.

Mr. MENENDEZ. I appreciate hearing that. On page 8, you started talking about the AID as a dual mission, and you go on on page 9 to talk about the capacity of the agency to respond to that dual mission, national disasters, manmade disasters, as well as to reconstruct political and economic institutions. But, you stress that our

main objective is to encourage sustainable development to prevent those disasters.

My question is, under both your budget and, I assume, the transition of the structure of your department, how do you intend to do that? Particularly, I am concerned about arising possibilities. Let me just suggest that, for example, in Cuba, what would be the ability, if we saw a movement of a transitional government that was rooted in the type of democratic principals we just talked about, what would be our ability to respond in a case like that, or, for that fact, any other case?

Mr. ATWOOD. I think that is a very good case, and I am hopeful that within my tenure, we will have an opportunity to demonstrate that this rapid response capability will work in Cuba.

We have a disaster relief and food assistance program now, and I think AID, despite all of the criticisms, has been complimented by people all over the world for its ability to deliver food and other disaster needs, such as tents and housing, in crisis situations.

What I want to add to that is the capacity, on a rapid response basis, to do institution building in situations, that, for example, might arise in Cuba. It may be necessary in the early days, hopefully after Castro leaves the scene, to hold an election, for example. We need to have a capacity to be able to help if that happens.

It may be necessary to help Cuba to develop democratic institutions. It seems to me, on a crisis oriented basis, AID needs to have the capacity to do that. We are studying the question of how this can best be done in the Wharton Task Force. My suggestion has been that the State Department have more control over ESF funds, but they are able to buy these delivery packages from AID, and that we develop that capacity so we can work in crisis situations.

INTERNATIONAL FUND FOR IRELAND

Mr. MENENDEZ. If I may, Mr. Chairman, a budget question. Under Ireland, on your table that you have at the end of your testimony, there is a figure in the 1993 appropriation and there is none—what was that for, and why is it omitted?

Mr. ATWOOD. Well, in the 1993 appropriation, Congress did, in fact, appropriate funds specifically for this Ireland Fund. The President has committed the administration to supporting that. It would be funded, presumably, out of the development program that has been presented on the top line of that presentation.

This is the first time, as I understand it, that an administration has actually put it in the budget request. We are supporting this Ireland fund, which I think is a very important contribution to peace and stability in Northern Ireland.

Mr. MENENDEZ. Thank you. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Diaz-Balart.

ASSISTANCE TO DEVELOPMENT OF PANAMA

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Mr. Atwood, a couple of points that I would kind of like to get on the record. I think that perhaps we have been insufficiently assisting the reconstruction or the continued development of Panama whose destiny we have had a hand in affecting their destiny in recent years, and I think, correctly so. What is your feeling on that? Do you think we

have done enough there? Do we have enough programs that have really made a difference in making sure that the Panamanian people have every opportunity to recapture their destiny?

Mr. ATWOOD. I am not sure that we ever do enough, but we certainly do have an obligation to help in Panama, and the institutions in Panama which are still quite weak. The political parties, in particular, are very weak in Panama, and believe me, it is very important for political parties to be as strong as institutions, and be democratically oriented, if we are going to have a successful democracy.

Traditionally, the problems in Panama have come as a result of weak political parties, and a strong military. In the case of Panama, a great deal of progress has been made on the military side, in that there is no military any longer. It has been sort of subsumed as part of a national police force, which I think was a very positive development. AID money, through the EC tap and the Justice Department, helped create that police force.

A lot has been done. The question is always, has enough been done? But, of course, we cannot control entirely the destiny of the Panamanian people. They do have a great responsibility for their future.

SITUATION IN NICARAGUA

Mr. DIAZ-BALART. I would like to state on the record my concern as well about the Nicaraguan situation. I was quite aware of your familiarity and expertise with it, and work that you have done there.

I really have a concern, though, with the situation of corruption. I have read scandalous allegations with regard to practices that have been going on, and was very concerned when I saw the release of U.S. aid. I did not think that sufficient progress in any way or means had been accomplished.

On the contrary, what I saw at the end of December was the interruption of the democratic process in a flagrant way, in the sense that the leadership of the legislature was dissolved. To my understanding, the executive has not permitted its reinstitution. I really think that it is clear that that particular interruption of the democratic process should not be permitted, and that we should have a clear objective that the interruption of the legislative leadership which occurred, I believe, December 29, that that situation be returned to the status, to the situation before that date.

Obviously, the \$50 million was already released, but you are asking for \$35 million in 1994, and I would like to go on record in saying that I think that before I would support that, that clear progress be made in specific ways, like, for example, permitting the leadership of the legislature to be reinstituted. Would you like to comment on that?

Mr. ATWOOD. Only to repeat something I said earlier. There has been a lot of progress on that score in the last few weeks. There have been good discussions, and I think that that is in progress, and I hope it will happen soon.

RUSSIAN AID PACKAGE

Mr. DIAZ-BALART. Are you involved in the formulation of the Russian aid package?

Mr. ATWOOD. Yes, I am.

Mr. DIAZ-BALART. Well, I guess I would just like to give you a little input on that, and I appreciate this opportunity, Mr. Chairman and Mr. Atwood, for dialogue and input.

As you know, the Freedom Support Act, as well as the Cuban Democracy Act, require that we factor in continued Russian aid to the Castro government, as we look toward assistance to Russia. A number of us are very concerned about the fact that even promises that we think have been made by President Yeltsin in the past are not, or have not, been complied with. We will certainly be looking at a full compliance with the promises that have been made by the Russian government to the U.S. Government, with regard to cutting off assistance, the oil relationship, which even though they are alleging is nonsubsidized, anymore, there are concerns that it should not be existing.

The Russians need hard currency. Why should they be bartering with the Castro regime? It does not make any sense, and so I would like to express to you in as intense a way as certainly I can, that is a major concern for some of us here.

Mr. ATWOOD. Mr. Diaz, I know that is a concern of yours. You expressed it to the Secretary of State. He indicated to you that the matter would be taken up in Vancouver. It was. The Russians are very well aware of our position on that question.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Chairman HAMILTON. Thank you. Mr. Hastings?

Mr. HASTINGS. Thank you very much, Mr. Chairman. First, let me associate myself, Mr. Atwood, with the remarks of my colleagues, Mr. Johnston and Mr. Payne regarding Africa. I will not reiterate that. I thought that since we had a substitute in the chair, and both of us serve on the Subcommittee on Africa, that we might gang up on you right at this time, but I will pass, in light of the fact that he is really temporary.

Mr. ATWOOD. Mr. Payne knows, the two of us have been in Africa together, and we are soul mates on that question.

ASSISTANCE TO HAITI AND GUATEMALA

Mr. HASTINGS. All right, real fine. But, I would want you to know that I share the same concerns.

Additionally, without asking a specific question, I would urge, if your good offices would be kind enough to tell me where Haiti fits in this budget, in terms of ESF or any other funds? I do not need a reaction from you now.

I also have a growing concern from my district. I am from Florida, and I have Broward and Palm Beach County. I have learned that I have approximately 30,000 Guatemalans in my district.

Toward that end, the Guatemalan government and others in Guatemala are concerned with the repatriation of those people. I hope that there are funds that are contemplated to assist them in that regard. Since we have people who are interested in taking illegal immigrants and/or legal persons allowing them to come on back

home, we are trying to make things right. So, please keep that in mind.

COOPERATIVE DEVELOPMENT PROJECTS

Mr. Chairman, my only question is directed toward Mr. Atwood's views regarding the cooperative development projects and the cooperative development research programs. Would you explain what your experience has been thus far with cooperative projects between Israel and the Central Asian Republics? Do you have any ideas or suggestions on how such projects could be or should be expanded?

Mr. ATWOOD. Well, I am not as familiar with those projects as I should be, and I will certainly be reviewing them. My impression, from what people have told me, is that this is a good approach in trying to help develop areas of the world such as you mentioned in Central Asia.

But, I would like to have an opportunity to review that more thoroughly before I give you my conclusive remarks on that question, Mr. Hastings.

Mr. HASTINGS. All right, would you add that, then, to my list and be good enough to supply me that information?

Mr. ATWOOD. I will, indeed.

[The information follows:]

HAITI

In fiscal year 1994, AID is requesting a total of \$93.3 million for Haiti as follows: \$37 million in development assistance, \$15 million in economic support funds, \$13.3 million in Public Law 480 Titles I and II and \$28 million for peacekeeping operations.

EXPERIENCE WITH COOPERATIVE DEVELOPMENT PROGRAMS AND COOPERATIVE DEVELOPMENT RESEARCH PROGRAMS BETWEEN ISRAEL AND THE CENTRAL ASIAN REPUBLICS

I believe the Cooperative Development Program (CDP) and the Cooperative Development Research (CDR) program have contributed to the development assistance program of the United States. There has been rapid growth in these programs from \$2 million in fiscal year 1985 to \$13.5 million in fiscal year 1993. Under the CDR program, the Government of Israel provides 25 percent in funding, and Israeli institutions contribute research resources in support of research projects funded under the CDR program.

AID has forwarded \$9 million in fiscal years 1992 and 1993 to support pilot initiatives of these two cooperative programs in selected newly independent republics of Central Asia (Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan) and Georgia, the United States is providing a total of \$9 million. These initiatives are in the earliest stages of implementation, and I look forward to reports on their progress and achievements.

Israel has developed impressive technological capacity in some areas, including arid/semi-arid agriculture, irrigation, and water management. In carefully selected areas such as these, experience suggests that such cooperative assistance programs between the United States and Israel can contribute to host country development and to U.S. and Israeli foreign assistance objectives.

As the fiscal year 1992/93 Central Asia cooperative programs move into fuller stages of implementation, we will consider the scope and focus of any future program efforts. A major concern will be how to further focus AID programs to achieve maximum impact and visibility. Given the physical size and diversity of the former Soviet states, the need for AID to sharply focus both strategy and resource allocation is critical to achieve effective results and maximum impact within our principal mission of contributing to sustainable development. We will be watching carefully for results from these initial programs in U.S.-Israel cooperation in Central Asia to see how well they develop.

Overall, we believe that these cooperative development programs, as well as the diplomatic presence which Israel has established in these countries, are helpful to U.S. policy goals in the former Soviet states. The size of these cooperative programs is probably of lesser importance than the actual presence of Israeli representatives on the ground to achieving program and policy goals. Given the constraints on the U.S. foreign assistance budget, I would look to Israel to shoulder an increasing share of the cost of the programs over time.

Mr. HASTINGS. Thank you so much, Mr. Atwood.

Mr. ATWOOD. Certainly.

Chairman HAMILTON. Mr. Roth.

RUSSIAN TRADE AND AID TO CUBA

Mr. ROTH. Thank you, Mr. Chairman. Mr. Atwood, it is nice to have you here before our committee. You have a tough job in this government. I do not know of a more difficult job than being head of AID.

Mr. ATWOOD. My mother is quite chagrined. She does not quite know how to explain it to her friends. [Laughter.]

Mr. ROTH. Well, I am sure you have the support of mother, and that is important, especially in your job.

You had mentioned in Vancouver that the Russians are aware of the strong views that we have on their trade and aid to Cuba. My question would be, after you made your strong views known, what did they say they were going to do about it?

Mr. ATWOOD. Well, I am not here to really reveal a diplomatic discussion that was held in Vancouver, even if I could, Mr. Roth. I do not know the answer to that question. I would try to supply you the answer for the record.

[The information follows:]

RUSSIA TRADE AND AID TO CUBA

Russia's economic support for Cuba has been steadily reduced since Gorbachev's term. Under Yeltsin's leadership trade and aid have been even more drastically curtailed. Moscow has said that economic and security assistance to Havana has ended. In November 1992, Russia and Cuba entered into a series of economic agreements, including a barter trade agreement (primarily Cuban sugar for Russian oil). In May, a Russian delegation went to Havana to reaffirm the bilateral commitments made last November. The Russians have assured the United States that under the provisions of the agreement, trade with Cuba takes place on the basis of market terms.

FERRIS REPORT

Mr. ROTH. I would appreciate that very much. I think it is important for us to know that before we vote. Because you know, as we say in Wisconsin. Talk is cheap, but it costs money to buy whiskey, and so we want to see what their views are.

Last autumn, a presidential commission issued a report on AID known as the Ferris Report, and this is just the latest report in AID's many problems. I would like to help you in some of those areas, and I would just like to know what some of your specific implementations for some of these recommendations are?

Mr. ATWOOD. I met with Mr. Ferris twice, as a matter of fact, and I think his report is an excellent one. The only part of it I do not agree with is the question of merging AID with the State Department, not because I am here, I even disagreed with that before I was named to this job.

I think that there are two types of people, as I indicated earlier. State Department people are excellent diplomats and negotiators, and AID people are excellent resource managers and programmatic people. I think that it is very important that both agencies are working very, very closely together, and I think it is easier to do in an administration that considers sustainable, long term development to be one of its major foreign policy objectives.

Mr. ROTH. In other words, you are going to follow through on this report, you are working with Ferris, and we are going to make some of those corrections? That is what I gather.

Mr. ATWOOD. That is being looked at, not only Ferris report recommendations, but recommendations in a number of other reports that have been done on the outside and the inside. The Wharton Task Force is looking at that, and will issue a report very shortly.

Mr. ROTH. OK, great. You are a strong advocate of democracy like all of us are, but you especially, because you worked in that area. You know, when I get around the country and give talks and with people, go back home and have office hours, I have never seen the American people more irate than they are right now. One of the issues that always comes up is this issue of foreign aid, you know, why do we not take care of our own people for a change, rather than getting involved in every conflict, and in every altercation around the world?

INCREASE IN FOREIGN ASSISTANCE

I notice that while we are cutting back here at home, we have \$450 million increase, or the administration has a \$450 million increase in foreign aid assistance coming up for next year. How can we justify that, Mr. Atwood, in light of what the American people are telling us, in the light of our \$400 billion deficits.

Mr. ATWOOD. Mr. Roth, I do not think we should try and justify it in any way that runs counter to the interest of the American people. I believe very strongly that the American people, if they heard this case—especially if they heard it from you, Mr. Roth—would probably endorse it entirely.

If the American people are concerned about jobs, the exports to the developing world have been the largest and fastest growing sector of our GNP. If we can manage to encourage the development of free markets in these areas, then we are going to create opportunities for American businesses to sell their products in these areas of the world.

The American people are terribly concerned about the environment within which they live. These questions are not something that can be handled within the borders of a single country. That must be done on a transnational or a global basis, and what we are trying to do with AID money and our foreign assistance program is to try to deal with some of those problems—the loss of species, and about the damage to the ecosystems that are created as a result of that, and as a result of that global warming and ozone problems.

American people are concerned as they watch television every night and see starving children in Somalia. Eighty percent of them believe that we should continue to support and feed people when they are starving, and AID does that.

American people obviously understand, I think, intuitively, that if the world is more democratic, their own interests are going to be preserved, and we are going to be able to compete in a peaceful way and make sure that we can create the jobs that we need at home.

I think that that is a very strong case to be made to the American people, and our foreign assistance program is very much tied into the economic security of the United States.

Mr. ROTH. Well, as you had mentioned, that is a very strong case, but, you know, any case has to be taken to the jury. The American people are the jury, and they have not come back with that verdict. In fact, I think they have heard that case, and they have come back with a different verdict, if I may say so.

I also just want to add one more thing, and that is, last year, I had an amendment before Congress. We had 213 votes in favor of it to cut out some of the money that has taken jobs overseas. I know President Clinton later complained about it, about jobs going overseas, and so did Ross Perot. But, yet, Congress went and, in conference committee, put all this money back in. So, in my opinion, they were not in step with what was going on around the country.

Mr. ATWOOD. We feel very strongly that we should not be exporting American jobs. We ought to be exporting American goods. On the question of the jury, I do not blame the jury for coming in with the verdict it does, when it reads articles such as this in the Readers Digest about foreign aid follies, which is about half true. But, even if it is half true, that is bad enough.

We need to straighten out AID. We cannot afford to continue to operate the way we have, and that is our commitment. We want to straighten it out. We want to streamline it. We want to focus on the effectiveness of our programs, because only then can we make the case to the American people and to the Congress that this is money worth spending.

Mr. PAYNE [presiding]. Thank you. Mr. Levy.

Mr. LEVY. Good morning.

Mr. ATWOOD. Good morning.

ENVIRONMENTAL CONDITIONALITY

Mr. LEVY. Let me agree with those portions of Mr. Roth's remarks about the view that I am getting back home as well with respect to foreign aid. There is a growing constituency, at least in our district, which believes that with so many problems here, why are we spending so much money abroad?

As one who believes very much in foreign aid, let me endorse—and, again, I would apologize to you for missing your oral presentation. I did have an opportunity to read your prepared text—what it is that you are saying about the importance of foreign aid in creating American jobs. Let me state for the record that I think it is very important for all of us who believe in the importance of a foreign aid program to go out and sell that, because the American people do understand that. So, I endorse what you have had to say with respect to that.

It is also tough to argue with what you say about the importance of foreign aid in protecting the world's ecosystems and the environ-

ment. There is a bill floating around this place which crossed my desk yesterday which you may not be aware of, which, if passed, would condition the granting of American foreign aid on the recipient's adherence to certain environmental principals. I am just wondering if you think that that is a legitimate thing for us to be doing, or if we were to go that far, if we might not be operating at cross purposes with ourselves?

Mr. ATWOOD. Your last point is a good one. We want to make sure that we are not operating at cross purposes in trying to achieve these goals. There is a good deal of unanimity in the world as a result of the UNCED conference in Rio. However, there are still some major disputes over key questions relating to how we proceed with these matters. The Third World is concerned about our consumption of energy and other things, and we are concerned about their population growth issues. We were not able to have a meeting of the minds on those questions at Rio, so we need to begin to focus on that a little more.

I do not know the details of this bill, and I am not sure. I would like to study that, and get back to you on that.

[The information follows:]

ENVIRONMENTAL CONDITIONALITY

I also want the least developed countries to have sound environmental principles. We see the development and implementation of strong environmental policies as central to our vision of promoting sustainable development. At issue is how we can best achieve that objective without tying up assistance with an inordinate number of conditions.

As I indicated in my testimony, I strongly believe that countries must have a basic commitment to a market oriented economy and democratic form of government if they are to move forward in achieving the goal of sustainable development. These commitments will be the basic criteria for providing foreign aid. Once over that threshold, the opportunity will exist to help recipients develop the environmental policies they need to assure that markets work well and to assist developing the capacity to implement policies.

To achieve the latter, AID will continue to review all of its project assistance to assure that it has no adverse environmental effects. In recipient countries that have inadequate environmental safeguards, AID will continue to assist in strengthening and deepening countrys' environmental review and management capacity. AID is already active in this area with over \$100 million in fiscal year 1993 resources committed to improving environmental policy and planning procedures in recipient countries. Finally, AID has begun to work more closely with countries which receive non-project assistance to establish the environmental review and monitoring procedures needed to assure that the policy changes supported by these programs do not have adverse environmental consequences.

Mr. LEVY. We should get you a copy of that, and I would appreciate having your thoughts. Mr. Chairman, that is my only question.

Mr. PAYNE. Thank you very much. We will now hear from Mr. Faleomavaega.

AID'S FUNCTION

Mr. FALEOMAVAEGA. Mr. Chairman, thank you, and I also would like to apologize to Mr. Atwood for my being late, but again, to offer my personal commendation for having been appointed by the President to be the new director of AID. I have some broad questions I wanted to ask Mr. Atwood, if he could help me in the dialogue.

I take it from your testimony that we have, with some real definition now, the administration's firm policies toward AID and its functions. In that broad direction, we definitely are making policy decisions in terms of what AID should be doing, as far as this administration is concerned?

Mr. ATWOOD. Yes, indeed, Mr. Faleomavaega, we are, and we hope to be able to announce publicly what our proposals are. I have tried to outline in my testimony today, and also in my confirmation testimony, the direction in which I think we should be heading.

Mr. FALEOMAVAEGA. Is there a serious effort, as has been suggested, I suppose, in some quarters—not only from the Hill, but I suppose even in the administration—that there is some serious concern, and there maybe a consolidation effort made in our own foreign aid program, or is it just on the basis of AID to continue functioning as a separate functioning agency, rather than to be consolidated with another Federal agency? Is there any serious movement in that direction?

Mr. ATWOOD. As I indicated earlier, there is no movement in the direction of merging AID with the State Department. There does not seem to be any support for that for the reasons that I have stated. We are trying to look at all of the agencies that are engaged in some form of provision of foreign assistance, and to try to rationalize that, so that we are not duplicating, and are, in fact, operating in sync to get the job done.

Mr. FALEOMAVAEGA. On the question of expenditures, and for that matter, even expending funding, I am still a little fuzzy on exactly—for example, on a regional basis, we have a regional office in Fiji, I suppose, for the Pacific. If a country wishes to request assistance from AID, does that regional office have then total discretion on whether or not to give them the expected funding, less or more, whatever it is for that particular activity, or does it have to go through the whole bureaucratic maze of coming through Washington and the whole works?

I am just curious, if we are still bottled up, so to speak, and say it will take a year before a decision could be made by the administration for expending that needed funding requested by that country. Is this how AID basically functions, or are we pretty much earmarking every form of expenditure that we wish to provide, not only on a regional basis, but, because, perhaps we have a bilateral relationship with that country that is requesting assistance?

Mr. ATWOOD. It is done in a variety of ways. There are several programs that are funded out of Washington, that deal with certain major objectives that we have that are mandated by Congress, and other programs are developed on the ground by the regional office, in this case, by the Fiji office.

So, what I want to say to you now is, that may be the way it is operating now. I am not sure that is the way it ought to be operating in the future. My preference is that we develop strategic plans that are a good marriage of what we see on the ground as the needs of the country, and our more global objectives with respect to such issues as environment and democracy and the population.

EDUCATIONAL PROGRAMS

Mr. FALEOMAVAEGA. I did not catch the specifics on some of the outlays, or the usage of the funding that AID plans to provide at least for this coming fiscal year, but is it true that the agency expends in excess of \$300 million a year on educational programs? I guess this is on a worldwide scale. Can you elaborate a little bit exactly what kind of educational—and I am looking specifically for students who seriously want to attend college or university here in the United States. Does AID provide scholarship, fellowship programs for those kinds of requests from countries that have a need for that kind of an activity?

Mr. ATWOOD. We make a distinction, Mr. Faleomavaega, between those kinds of fellowships or those kinds of training programs, and participant training programs which relate to our development work overseas. USIA funds exchange programs. AID funds participant training programs.

Mr. FALEOMAVAEGA. I see.

Mr. ATWOOD. A lot of that money that you are referring to is not simply for those kinds of programs. It is also for literacy training and civic education training at local levels, grass roots levels, women's programs and the like. Those all relate to other objectives that we have in terms of development.

Mr. FALEOMAVAEGA. My specific interest, obviously, is in the Asian Pacific region, and I would really appreciate if I could get some more specific information from your office, not only by way of policies, but on a regional basis. I am very interested to know what exactly AID is doing in that area of the world. Thank you very much, Mr. Atwood. Thank you, Mr. Chairman.

[The information follows:]

EDUCATION PROGRAMS IN THE ASIA PACIFIC REGION

AID has several mechanisms for supporting educational programs in the Asia Pacific Region. There are bilateral missions in the region which include Indonesia, Philippines and Thailand. In addition, AID supports a mission in the South Pacific which is referred to as a regional mission since it is comprised of several island nations.

Each of these missions supports a range of activities targeted at the needs of the specific countries. Training and education are recognized as important elements of mission project activities. Participant training is supported in all missions and is conducted in the priority areas of each mission. Training and education activities in the context of specific projects are carried out at varying levels—technical, academic and professional through AID's Office of International Training (OIT).

The Office of International Training (OIT) is the policy coordination and service office for AID's Participant Training Program. Participant Training encompasses both U.S. and Third Country training of individuals from AID-assisted countries. The U.S. based training takes place under the Thomas Jefferson Fellowship Program (TJFP), the principal objective of which is to prepare individuals for leadership in the development process. Upon their return home they will serve as agents of change within themselves, their families, workplaces, communities and nations. Preparation for leadership requires a complete education balanced between academic/technical education and change-agent skills; both are acquired through experiences before, during and after their U.S. stay.

To date, AID and its predecessor agencies have trained over 300,000 people. In fiscal year 1992, over 14,000 individuals were in training. Training may be short-term technical training of up to 9 months duration or long-term academic training, ranging from Associate degrees through Ph.D.s. In 1993, 20 individuals from the South Pacific are being trained through the TJFP. Under existing projects, we anticipate providing long-term training for 59 people and technical (primarily in-region) training for 3,054 trainees—see attached table

An additional program that includes training activities is the U.S.-Asia Environmental Partnership (USAEP), a multiagency environmental initiative. The USAEP is sponsoring a number of long- and short-term training and other educational exchanges in Asia and the South Pacific. Seventy-five individuals from Indonesia, the Philippines and Thailand are currently in what are mostly short-term training programs. In addition, one person from Tuvalu has been placed with the National Oceanic and Atmospheric Administration for 2 months of training in meteorological forecasting. An individual from the Cook Islands has been placed with the U.S. Environmental Training Institute (USETI), which is a training division of the Environmental Protection Agency (EPA).

SOUTH PACIFIC
PARTICIPANT TRAINING BY PROJECT

Project	Academic	Technical
South Pacific Regional Agricultural Development	14	500
Fiscal years 1987-93		
Development Support Training	39	450
Fiscal years 1986-92		
South Pacific Fisheries Development	0	20
Fiscal years 1986-93		
Pacific Island Marine Resources Development	3	70
Fiscal years 1990-95		
PNG Child Survival	3	900
Fiscal years 1989-96		
Regional AIDS Prevention	0	400
Fiscal years 1990-95		
Regional Family Planning	0	100
Fiscal years 1990-93		
Vitamin A: Kiribati	0	100
Fiscal years 1992-93		
Malaria Vaccine	0	4/year
Fiscal years 1992-94		
Commercial Agriculture Development	0	60
Fiscal years 1992-96		
Market Access and Regional Competitiveness	0	280
Fiscal years 1991-97		
Profitable Environment Protection	0	Grant to
Fiscal years 1991-95		SPREP for ETT
Totals	59	2,880

Mr. PAYNE. Thank you. Mr. Oberstar.

ECONOMIC SUPPORT FUNDS AND SECURITY ASSISTANCE

Mr. OBERSTAR. Mr. Chairman, thank you very much. Brian, congratulations on your assignment as Administrator of AID. You are superbly prepared for the position. You spent a career in foreign service, and your most recent experience in democracy building is a splendid starting point for the dual role mission of AID, as you have well described it in the paper you submitted to the committee. I take great heart and encouragement in seeing you in that position.

Mr. ATWOOD. Thank you very much, Mr. Oberstar. It is a delight to see you here on this committee, as well.

Mr. OBERSTAR. As a starter, what is the balance between economic support funds and security assistance in our foreign aid program?

Mr. ATWOOD. I am not sure this is the answer that you are looking for. The balance is the Economic Support Fund is money that can be used to pursue foreign policy objectives, some of which may

be developmental in nature. Others may be to respond to particular crisis situations or whatever.

Security programs are generally also funded under the ESF, that relate to particular security concerns.

Mr. OBERSTAR. My question was too broad. More specifically, dollar balance and dollar amounts?

Mr. ATWOOD. Could I provide that for the record unless someone slips me a piece of paper, Mr. Oberstar.

[The information follows:]

ECONOMIC SUPPORT FUNDS AND SECURITY ASSISTANCE

Security assistance includes both military assistance and Economic Support Funds (ESF) under the Budget Function 150 Account. The security assistance level for fiscal year 1993 is almost \$5.6 billion; the request level for fiscal year 1994 is \$5.4 billion. Included in these amounts are \$2.7 billion ESF in fiscal year 1993 and \$2.58 billion ESF in fiscal year 1994, so ESF is 48 percent of the security assistance budget in both years.

Mr. OBERSTAR. What would be the administration's position on returning to the policy that we had in the 1970's, when we separated economic security, I mean, economic support fund, economic and humanitarian assistance in one package and had one separate vote on it, and had a separate vote on a separate package for security assistance?

Mr. ATWOOD. We have made a presentation here. I do not want to get into the parliamentary procedures as to how one would do that. I would defer to the leadership here in deciding how these things are voted on.

We have severely reduced the amount of security assistance. It is the post-cold war period. We just do not have the same needs that we had before, so I would simply make that point in responding to your question.

Mr. OBERSTAR. Early in the Carter administration, we separated the economic and security assistance budgets because so many of us felt we just couldn't vote for military assistance, which was exceeding at the point when President Carter came into office, exceeding the amount of money we were providing for humanitarian and economic development assistance, and we wanted to have a separate vote on each—we did not want to have to choke on military assistance in order to do the good and valid things that an AID program should be doing. So, we separated it out.

Then, we found that it was very difficult to get either one of them passed, and gradually, we slipped back into a combined program. In recent years, we have not even been able to get an authorization through at all, having to do it in the appropriation process, which I find, from the standpoint of a member of the authorizing committee, offensive. We ought to be able to do our job of authorizing programs and doing the fine tuning that is necessary, and setting policy that can be followed, and let the Appropriations Committee decide how much go to which of those policy objectives in accordance with the administration's program.

Mr. ATWOOD. It has been a problem. There has not been an authorization bill since 1985, and I think that we bear a lot of responsibility for that problem. As I indicated earlier, foreign aid is never popular, and it is not one of our goals to make it popular. Our goal

is to explain it and make it relevant to the American people to show that it is in their interest.

We also have to begin to reform the way we do business, because there are too many complaints about all of the paperwork, and not enough streamlining. We have even had some very serious problems at AID that have become very prominent. When those things happen, even when small things happen, they are blown up, but that is understandable. We have to begin to get our own house in order, in order to have the credibility to come up here to help you get an authorization bill passed.

Mr. OBERSTAR. I take it this paper is the first step toward that objective, of setting forth some broad principles, that foreign aid should reflect jobs for Americans, and should deal with problems that transcend national boundaries. You cite at least four—disease, environment, population, and migration as an aspect of dealing with corrupt political system—in the policy of mounting a program of sustainable development.

I look on this paper as a starting point, and refinements yet to come, because there is a great deal of fleshing out that needs to be done with it. It seems to me to be a major step in the right direction of emphasizing the domestic benefits of foreign aid—I know it makes it a lot easier for me to explain when I can show that U.S. workers benefit from it. Although I think people in northern Minnesota have long supported the concept of foreign assistance, since much of our immigration is of recent nature, as recent as this century, and they understand humanitarian as well as strategic purposes, that we need to be involved abroad. We cannot retreat into a shell of isolationism.

Yet, when we can say that the Port of Duluth benefits from the foreign aid program by having 500 longshoremen working unloading ships, you know, all begin to build a base of understanding that foreign aid does begin at home in helping one another.

CHINA POLICY ON ABORTION

I would like just a moment to return to the issues that Mr. Smith was raising earlier today about the China policy. Is the administration going to be working actively as I urge it to do, to discourage the brutal abortion policy of the Chinese government? And, what specific steps are going to be taken?

Mr. ATWOOD. Well, Mr. Oberstar, we are working actively on that question and a number of other questions relating to human rights. We consider these to be human rights problems in China.

Ambassador Lord, the Assistant Secretary for East Asia and the Pacific, has just visited China, and he has not yet returned from his visit to East Asia. I look forward to hearing his report on the progress we hope was made in those discussions. But, I do not have anything to tell you here today about those questions.

Mr. OBERSTAR. Well, I would look forward to further consultation on that subject matter. I have a very deep concern about it.

Mr. PAYNE. Thank you. Mr. Engel.

AID TO AFRICA

Mr. ENGEL. Thank you, Mr. Chairman, and Mr. Atwood, I want to add my voice to the congratulations that you have gotten, and

also apologize for not being here earlier. We have to chop ourselves into thirds or fourths in order to make all our obligations, but I am glad to have the opportunity to congratulate you. Before my colleague, Mr. Oberstar goes, I want to add to your words, I am glad to have him on the committee, as well.

I know that there has been a great deal of discussion about the African Development Fund for Africa and Africa Disaster Assistance. I just want to add my voice to those of my colleagues that have expressed alarm at any curtailment or cutbacks to that. I think that it needs to be expanded, and I think the points that you and Mr. Oberstar were making in terms of foreign aid are very, very important.

I have long been a supporter of foreign aid. I think that the American public does not really comprehend how much foreign aid helps us in this country, that it is barely 1 percent of our total budget, and that 75 percent of it gets spent directly back into this country, stipulating our economy and helping to create jobs.

I believe very strongly that as the last remaining superpower, we have an obligation, not only to the world, but to ourselves. We do have an interest in what goes on around the world. We do want to help shape events that happened in the world in a good way. Certainly, when you look at some of the assistance that other nations are providing, we are certainly not even matching them in terms of a percentage basis. So, I wanted to say that, as well.

INTERNATIONAL FUND FOR IRELAND

I know that someone had also asked you about the Aid for Ireland Economic Support Fund, and you had mentioned that it was just transferred, being supported elsewhere. The International Fund for Ireland, I have monitored that a great deal. I have had some trepidation about how the funds have been spent years back. It seems to have been improved, and I just want to say that many of us continue to monitor that fund, because we just want to make sure that it is providing the kinds of things that it provides, the opportunities for Catholics in the north of Ireland. I had just recently gotten some complaints, which I am investigating, and would like to share those with you as they unfold.

I wanted to ask you about your view of the CDP CDR program, to enable the less developed countries to gain access to Israeli scientific, technical and developmental expertise. Could you tell us what has been your experience so far, if you can—if not, I would be happy to get it submitted after this meeting—with the cooperative projects between Israel and the new central Asian Republics, and your ideas about how such projects could be expanded.

These programs have been described as integral parts of the U.S. Program of Developmental Assistance by AID, and I would like to hear your views on this.

Mr. ATWOOD. Thank you very much, Mr. Engel. As I said earlier to Congressman Hastings, I think these programs have made positive contributions to our development programs. Let me make a comment, and make a comment on your other two observations.

With respect to foreign aid and the point you made about the Ireland fund, there is an interesting juxtaposition. In the OECD, all of the developed countries have to make a case within the develop-

ment assistance committee on the amount of money that they are giving, or the assistance they are giving to the developing world. Only Ireland is below us in terms of percentage of GNP. We are next to last on that list. Two-tenths of one percent of our gross national product goes to international development. Perhaps that would make your constituents feel a little better about it, but I doubt it very much.

With respect to Ireland, my good friend Dick Spring is now the foreign minister, and he tells me that they are going to be increasing their percentage of GNP that they are giving to development assistance, so it may not be too long before we are at the bottom of the list.

On the question of Israel's ability to help other countries, I have personally seen what they have done in a very effective way. I think some of the programs you are referring to have been very successful, but I would like to review that before giving you and Congressman Hastings an official answer on that.

RESUMPTION OF AID TO CAMEROON

Mr. ENGEL. Thank you. I have just one final question about aid to Cameroon. The \$14 million in aid, U.S. aid, was suspended last November, in large part because of the human rights violations there, and what I regard as the fraudulent election that was held there.

I am wondering if you have any thoughts about that? Have there been discussions?

Mr. ATWOOD. The Institute that I headed before taking this job, the National Democratic Institute, did have an observer delegation there, and they reached the conclusion, that it was, in fact, not a free and fair election. It recently published a full report, and I think it is an excellent one. It does show that there were very, very serious problems.

On the question of whether and when aid would be resumed, I think I would like to take counsel with the Secretary of State and others on that question before answering.

[The information follows:]

RESUMPTION OF AID TO CAMEROON

In November 1992, AID's Cameroon budget was cut from \$20 million to \$6 million. For internal planning purposes we decided in April 1993 to restore \$5 million. The resulting budget of \$11 million for fiscal year 1993 still represents a major reduction from the \$20 million originally planned. The \$5 million was restored in order to finance the second phase of a highly successful, decentralized maternal-child health and child survival program we have had underway for some time in Cameroon. This project has been successful in establishing health management systems to deliver basic health care services to predominantly poor rural populations. Because this project emphasizes local management of health centers, we believe it also supports the democratization process. None of the funds associated with this project are to be disbursed to the Government of Cameroon.

This is in keeping with our stated intent of focusing the program on humanitarian concerns and channeling as many resources as possible toward the people of Cameroon, rather than to the government. We monitor the democratization and human rights situation in Cameroon on a daily basis and have, in fact, been encouraged by some recent developments. However, we are keeping our options for fiscal year 1994 open for the moment.

Mr. ENGEL. Even with regard to that election, it was adding insult to injury. Not only was the election fraud, but then the opposi-

tion parties, which I believe really won the election, were virtually placed under house arrest for the next several months, and could not leave their headquarters. So, it is really just spitting in the face of any kind of decency whatsoever.

Anyway, let me not keep you any longer, and just say I look forward to working very closely with you.

Mr. ATWOOD. Likewise, Mr. Engel.

HUMAN RIGHTS ABUSES

Chairman HAMILTON [presiding]. Mr. Payne.

Mr. PAYNE. Thank you. Mr. Atwood, I have a very short question I will ask this afternoon. I understand you are going to be before the Africa subcommittee, and I have some questions regarding the demilitarizing of countries in Africa, and the question of rolling funds into children's programs on children's health and women and so forth, which I think ought to be a standard that we look at, in addition to democratization. But, I will ask you that this afternoon.

I do have a more general statement as relates to the Western Hemisphere. As we have heard the talk about the People's Republic of China and the coercive programs on the population control. Of course, we had outrage over what happened in Romania, and I think we should really work against regimes that have coercive types of violations of human rights.

There is an issue that is never addressed that I want to start to put it on the screen, so to speak, as it relates to Latin America. The situation of Latin American people from African descent is an issue, I think, that we need to start putting on the table.

As you know, in Brazil, it is a practice on the part of the authorities, the wealthy, the military, the police to, on weekends, have police officers in civilian clothes actually murder street children, black boys, because they are disturbances, they are nuisances. They steal, they are vandals, they live in the street. But, there is no one talking about this quiet genocide that is going on.

Even in Costa Rica until 10 years ago it was illegal for a Costa Rican of African descent to live in the central city, in San Jose. It was against the law. You had to live down by the Atlantic Ocean. And, if you came into the center part of Costa Rica, you were arrested or taken back to the shore.

So, we can talk about, country by country, where there are tremendous amounts of human right abuses that are going on. Now, this is, perhaps, something for the United Nations or some broader agenda, but I certainly would like to discuss with you and your office this situation which is occurring, and the overt discrimination against Latinos from African descent throughout the region. Perhaps the appropriate State Department or U.N. or our U.S. representative to the U.N. could get it into a broader context. But, I know your sensitivity to these types of issues, having worked with you before, and that is the only reason that I raise it in this form.

Mr. ATWOOD. Thank you, Mr. Payne. I clearly agree with you that this should be part of our own assessment of the human rights conditions in these countries.

Chairman HAMILTON. Mr. Royce.

Mr. ROYCE. No questions, Mr. Chairman.

FIELD MISSIONS

Chairman HAMILTON. Mr. Atwood, this committee's assessment, as I think you know, has been over a period of time that field missions are a unique asset of AID, and I would just like to get your comments about that. Will they be continued, and will they be the focus of country programs and project decisionmaking?

Mr. ATWOOD. Yes, they will be, Mr. Chairman. I agree with you that it is a unique aspect of AID. Clearly, with the budget cuts that we have, and with our effort to try to focus our development efforts, we are going to have to make very careful assessments about where field missions ought to be.

We also need, I think, to have strong central bureaus that have functional expertise that may not exist in the field to support the field missions. And, I hope that we will have a good deal of creative tension between the central bureaus and those who are trying to set policy on development issues and the field itself.

I believe very much in a strategic development approach, and that can only be undertaken if you have a careful assessment of the situation on the ground in the field. I also believe in participatory programs and indigenous NGO's and people-related programs. That can only be done if the field mission is not only there, but also is not simply sitting in the capital city. They have got to get out to the countryside and see what is going on.

Chairman HAMILTON. Well, I am pleased to hear that, and then on the implementation, for example, of U.S. assistance to Eastern Europe and the New Independent States, will that be carried out increasingly by field missions rather than the Washington based mission?

Mr. ATWOOD. Well, that is a *sui generis* situation. We have found that, as these programs get on line, and as we have begun to implement them in a much more effective and systematic way, we need more people on the ground for this purpose.

We are in discussion with the State Department on that question, and we believe that some expansion, given the limits that we are trying to attain on overseas presence overall, some expansion seems to be warranted.

Chairman HAMILTON. That seems to be consistent with the testimony we heard earlier this week from the Assistant Secretary on European Affairs and the AID people who testified.

Now, let us see, in the budget resolution for 1994, budget authority and outlay ceilings for the 150 function are \$24 million and \$100 million, respectively, below the President's current request. In addition, of course, there are going to be very strong pressures to increase funding for refugee assistance and for other humanitarian purposes, offset by cuts in other areas of the 150 function.

Then, we expect that the new assistance to the former Soviet Union will also require offsets. Where do you draw the line against further cuts in the President's pending budget? Can you give us any thoughts or guidance about that?

Mr. ATWOOD. Well, Mr. Chairman, it is an issue that we are struggling with at this point. We did submit what we consider to be a very realistic budget. The 150 account is going to become extremely important in terms of our pursuing our national interest

in the foreign policy arena. One of the problems, of course, relates to the contingencies that we could not have anticipated at the time the budget was drawn up.

We did this budget within the first 30 days of the Clinton administration. It was difficult. It was a real struggle, and as you know, it was an honest budget, and it was submitted as basically a straight line budget. I cannot see how we could take any cuts in this budget, and I, of course, am not up here to suggest that. I am here to defend the budget that was submitted.

How we accommodate the new commitments that have been made, and the new concerns that we have with respect to both peacekeeping and assisting Russia is something that we are struggling with now, and I can just assure you one thing. It is not easy.

DEMOCRACY INITIATIVES AND JUDICIAL REFORM PROGRAMS

Chairman HAMILTON. Well, you have grasped the essentials of your job pretty quickly, I guess, Mr. Atwood. [Laughter.]

One other area of questioning. In your testimony today, you note the serious problems that are generated by corrupt and unaccountable political systems, and you stress that our foreign assistance programs must include both economic growth and democracy initiatives. With respect to the democracy initiatives, such as some of the judicial reform programs, how will AID determine whether a country has the political will or resolve to make effective use of judicial reform programs?

Mr. ATWOOD. I cannot give you an answer to that today, because it is something we are going to have to study very, very carefully. We have made a statement that we do not believe that development can be successful or can be sustained in a situation where the government is not willing to let us have access to the people, or a government which is not committed to trying to bring about democratic change.

That is an easier statement to make here today than it is to define in terms of criteria that would be applied to our programs, so I would be, I think, irresponsible to try to give you an answer today. But, it has to be looked at on a case by case basis, and a lot of it is not going to be empirically proven. It has to be done by active and very good and strong professionals on the ground in field missions, as well as in discussions in Washington.

Chairman HAMILTON. You put a lot of emphasis in your opening statement on results, and I think that is an appropriate emphasis, but how do you measure the impact of AID, democracy initiatives and judicial reform programs?

Mr. ATWOOD. I think that there are probably objective measures. I am not as familiar with the judicial programs that have been undertaken, particularly in Latin America. I would think that in any human resource program your objective is to try to create a more effective judge, or one who has better access to legal documentation to support their views, and that over time, an assessment of the kinds of decisions that are taken by those Courts, or an analysis of what occurs within other legal institutions, even police forces, that one can, indeed, be evaluated.

I am not familiar enough now to tell you what successes we have had, and I would suggest to you that we do not have adequate tech-

niques for determining whether or not our objectives have been met. We need to develop that.

IMPROVED MANAGEMENT OF THE PIPELINE

Chairman HAMILTON. One of the things the members of the committee often complain about is the pipeline—DA, ESF, the other pipelines, and I am told that we have nearly \$1 billion now in pipeline money. I think all of us understand that there are occasions when there are reasons for the existence of pipelines, but the concern here, of course, is the pipelines becoming very excessive.

I hope that in your management of the AID programs, you will keep a careful eye on the pipelines, and see what can be done to facilitate the improved management of the pipeline. I am told my figure was too low, that it was not \$1 billion, but is closer to \$4 billion. Well, whatever the figure is, it is too high, and I hope you will keep your eye on these pipeline figures, and do what you can to facilitate the improved management of a pipeline.

Mr. ATWOOD. We had a GAO report recently, Mr. Chairman, that analyzed the AID pipeline. One of the conclusions was that it was normal for a government agency. I do not think that anyone was necessarily happy with that conclusion, but we have taken certain steps as a result of that GAO study.

For example, if we would consider that anytime that a project has not been funded or exceeds 2 years within the pipeline, the mission director has to certify that it is necessary to maintain that money in the pipeline. If it does, in fact, exceed 2 years, they have to justify this to the Assistant Administrator. I think that is a new program and we will have to see how it works, but I think it will help us to manage the pipeline a lot better.

Chairman HAMILTON. We have, for example, a gigantic pipeline in the Philippines, and as came up earlier this morning, that request is sharply down. That is one I think you ought to take a look at.

MULTILATERAL ASSISTANCE PROGRAMS

I just want to explore one other area with you briefly, and that is the multilateral assistance programs. If you look at the multilateral development banks and their projections, they are going to be lending over \$400 billion between now and the end of the century. AID programs, we do not know, of course, what they will be precisely, but they will probably be a tenth of that.

What then emerges from this is that the MDB's, with their increasing resources, are increasingly important, and the question arises, should they remain essentially under the purview of one agency, the Treasury Department?

Mr. ATWOOD. Mr. Chairman, I am not going to take on Lloyd Bentsen here this morning, I can assure you of that.

Chairman HAMILTON. Well, go ahead, he is not here. [Laughter.]

Mr. ATWOOD. Somehow, I think he will hear about this.

Chairman HAMILTON. Yes.

Mr. ATWOOD. Our position is that our bilateral programs enable us to leverage cooperation from the MDB's. That is not to say that we are always working in sync. Part of the purpose of this inter-agency study is to make sure that our development objectives are

coordinated. I would like to see even more participation by AID and the deliberations of the multilateral development banks.

INCREASED COORDINATION BETWEEN AID AND MDB'S

Chairman HAMILTON. You think you can have increased coordination between AID and the MDB's, in terms of policy and implementation?

Mr. ATWOOD. I think that is possible, Mr. Chairman. I hope that is one of the outcomes of this study that we are doing internally.

Chairman HAMILTON. OK, thank you very much.

Mr. ATWOOD. Thank you, Mr. Chairman.

Chairman HAMILTON. We stand adjourned.

[Whereupon, at 11:56 a.m., the committee was adjourned.]

FOREIGN ASSISTANCE LEGISLATION FOR FISCAL YEAR 1994

TUESDAY, MAY 18, 1993

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
*Washington, DC.***

The committee met, pursuant to call, at 10 a.m. in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The Foreign Affairs Committee will come to order.

We are very pleased today to welcome Secretary of State Warren Christopher before the Committee on Foreign Affairs.

Mr. Secretary, this is your first appearance before the full committee in open session.

The topic, of course, of the hearing this morning is the foreign assistance budget for fiscal year 1994; however, it wouldn't surprise the Chair if some other items got into the discussion this morning.

As we know, this is a year of unusual challenges and almost constant change. Members will recall that the administration's budget was prepared before the Vancouver and Tokyo summits, which raised the possibility of significant new foreign aid spending, and before the defeat of the supplemental legislative package, which raised serious questions about how that new foreign aid spending will fare on the floor. Our Nation faces new and continuing responsibilities on the international scene, and we face them with diminishing resources, but not, we hope, with increasing skepticism.

Mr. Secretary, we look to you for a discussion of how we reorder our international objectives in line with our available resources in the post-cold war era. We hope that you also bring a strong administration commitment to this committee's responsibilities for foreign aid.

Your statement will be included in the record in full, and you may summarize or read that statement as you choose. We are very pleased to have you.

Before turning to you, I would ask our distinguished ranking Member, Mr. Gilman, for any comments he may care to make.

OPENING STATEMENT OF HON. BENJAMIN A. GILMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. GILMAN. Thank you, Mr. Chairman.

I, too, want to join you in welcoming the Secretary back before us today to consider the President's foreign assistance request for

fiscal year 1994. We look forward to receiving Deputy Secretary Wharton's report so that we can begin the task of restructuring our foreign assistance program to try to address the challenges to the post-cold war era.

I am pleased that Brian Atwood is in place as the administrator of the Agency for International Development. During his testimony, we were encouraged by his support of using the Hamilton-Gilman report as a framework for the restructuring. That was a study we did on reforming our foreign assistance programs.

In reviewing the administration's proposal, I was pleased, too, with the commitment to maintain current levels of funding in support of the Camp David accords. This sends an important signal that our Nation will continue to support and participate in efforts to attain a just settlement in the Middle East.

I hope that the administration is prepared to send equally strong signals on narcotics trafficking and terrorism, particularly the state-sponsored variety.

As I am certain my colleagues agree, the attempt to assassinate President Bush when he was in Kuwait must be investigated fully, and the administration must brief Congress as soon as that work is completed. We look forward to your keeping us informed with regard to that issue.

As we have seen by the shooting at the CIA and the World Trade Center bombing, the specter of terrorism has reached our shorelines.

Systems for screening visa applications of foreign travelers is riddled with holes. Our equipment is obsolete. The State Department lacks access to critical information and has no way to assure that background checks are actually being made.

To close those gaps, along with my distinguished colleague on this committee, Olympia Snowe, and Bill McCollum on the Judiciary Committee, we have introduced H.R. 2041, the Terrorism Interdiction Act of 1993.

I hope your administration will support that measure so we can slam the door on terrorists who try to find entry to our Nation. The collapse of the Soviet Union may have ended the cold war, but much of the world remains dangerous and unstable.

Mr. Secretary our foreign assistance program which seeks to foster sustainable economic development must be one that truly benefits our Nation and developing countries. Our formulation of such a program is a top priority.

For that reason, we are pleased to have your thoughts today before us and we look forward to your testimony.

Thank you, Mr. Chairman.

Chairman HAMILTON. Thank you Mr. Gilman.

Mr. Secretary, you may proceed.

STATEMENT OF WARREN CHRISTOPHER, SECRETARY OF STATE

Secretary CHRISTOPHER. Mr. Chairman, I appreciate this opportunity to appear before you and the committee.

Together we face the challenge of drafting a foreign policy for a new era of unprecedented change, of hope, and opportunity. The Clinton administration approaches this task with a conviction that

strong public support for our foreign policy at home is essential to American effectiveness abroad.

Today, domestic issues and foreign issues are inseparable. The American public expects our foreign policy investments to pay dividends in economic growth and the advancement of democratic ideals. As our administration goes forward, we expect to deliver on those expectations.

OVERARCHING FOREIGN POLICY GOALS

As I mentioned to the full committee in January when we met informally, President Clinton has identified three overarching goals for our foreign policy: first, elevating national and global economic growth as a primary foreign policy goal; second, updating our forces and security arrangements to meet new threats; and, third, organizing our foreign policy to promote democracy, human rights, and free markets abroad.

RUSSIAN DEMOCRACY

All three of these overarching policy goals would be greatly advanced by the success of Russian democracy and economic reform. We must act strongly to cooperate with Russia. The results of the April referendum were a significant victory for democracy and economic reform. But the worst mistake we could make would be to assume that all of our work has been done. It has only begun.

As President Clinton said, helping ensure the success of Russian democracy is the supreme security challenge of our era and is in our deep self-interest. An investment today in Russia's democratic future is an essential investment in America's future. By making this investment, we can help turn what was our most dangerous adversary into an enduring partner. This, I believe, is a critical mission.

THE PRESIDENT'S INTERNATIONAL AFFAIRS BUDGET REQUEST

Mr. Chairman, Members of the committee, you have already seen details of the President's April 8th budget request. So I would only like to stress one important point that often gets lost with regard to the Budget Function 150 account. Historically, international affairs spending has represented just over 1 percent of our total Federal expenditures, a modest investment indeed in furtherance of our Nation's vital objectives.

The fiscal year 1994 budget marks a first step in redirecting our foreign policy. We are focusing our foreign affairs funds and reforming our foreign policy structures to help meet the three overarching goals that President Clinton has set forth for the post-cold war era: supporting democracy, promoting growth, and strengthening security.

The fiscal year 1994 budget is, by necessity, a transitional budget. Changes in some of the details of our budget requests are possible and probably even likely. Our post-cold war world is itself undergoing a profound transition. The new challenges and opportunities we face in the world require fundamental changes in the direction of our foreign policy as well as a fundamental restructuring of our foreign policy institutions. I believe we have made a good,

strong start; but much remains to be done. We intend to work very closely and cooperatively with this committee during your deliberations on our funding requests.

FUNDING U.N. ACTIVITIES

Mr. Chairman, I think this committee has very important responsibilities with respect to funding U.N. activities. The fiscal year 1994 International Affairs budget requests nearly \$700 million in contributions to the United Nations and other international peacekeeping operations. We have also requested \$300 million in fiscal year 1993 supplemental funds to meet unanticipated needs for international peacekeeping. Millions spent now on multilateral preventive diplomacy, emergency refugee support, and peacekeeping may save hundreds of millions of dollars in defense and international relief later.

At a time when we are calling on the United Nations to do much more, we cannot support it less. The end of the cold war has unleashed long-suppressed conflicts in the Balkans, in the former Soviet Union and elsewhere. Yet it has opened up opportunities for international cooperation, and I believe we must seize them.

REDEFINING THE ROLE OF FOREIGN ASSISTANCE

I know that Brian Atwood, our new AID administrator, appeared before you last week and set forth our approach to redefining the role of U.S. assistance. I won't repeat what he said but would like to reinforce some of the main points he made.

During the cold war, security concerns dominated our economic assistance program. In the post-cold war era, however, we must now target our assistance to address today's priorities: global growth and domestic job creation, transnational challenges such as disease, environmental degradation, global population growth, and migration, and promoting stable economies and stable democracies.

In the past decade, we mobilized our assistance against communism. Now we can and must mobilize ourselves for democracy, free markets, and a secure international environment in which they can flourish.

Today, our watchwords must be "empowerment," "partnership," and "effectiveness."

During the cold war, the imperative of assisting national governments resulted in the rise of large, highly centralized aid bureaucracies focusing on government-to-government relations. Now we can build economic, civic, and economic partnerships between peoples. We must support democratic values through individual empowerment. Foreign assistance will serve as our venture capital in mobilizing America's major asset—our robust civil society—in support of civil and economic freedom worldwide.

Forging broad and nontraditional partnerships with our allies and international financial institutions will help us do more with less—a key challenge in an era of vast possibility and tight budgets.

Our focus on individual empowerment and partnerships will also enhance our effectiveness. Our foreign assistance programming will be result-oriented, not expenditure-oriented. National entitlements will be phased out, and our institutions will be made flexible

enough to ensure that assistance will go where we find cooperation and reform is manifest. Where scarce development resources cannot be used effectively, our assistance program should be reduced or redirected.

REORGANIZATION OF AID

To be effective, to get results, the Agency for International Development itself must be reorganized. We seek greater efficiency and smaller overseas missions. At the same time, we will work to strengthen AID's central policy direction, foster teamwork and accountability throughout the agency; and we will ensure better agency coordination.

Dr. Wharton and his Function 150 Task Force will forward their report on AID to me shortly. Before commenting, I want to review it in depth and hope that consultation with this committee and other key committees will begin soon so we can discuss the report and I can get your reactions to it.

Mr. Chairman, I want to publicly acknowledge the role of this committee, the chairman and the Ranking Minority Member and their work in the reform of our foreign assistance programs and institutions. As Mr. Gilman said, the recommendations of your 1989 task force will be largely adopted by the administration. I look forward to continuing to rely on your leadership and support in the coming months.

HIGHLIGHTS OF THE FOREIGN AID BUDGET REQUEST

I want to highlight four budget proposals that reflect some of our foreign aid priorities:

First, we are requesting development funding for Africa at \$800 million. In addition, we will continue to provide over half a billion in humanitarian and other assistance to Africa.

Second, we are requesting a \$100 million increase in population programs including a \$50 million contribution to United Nations Family Planning Agency.

Third, we have requested enhanced funding to address global environmental concerns.

And, fourth, we will also undertake democracy-building programs around the world.

Our development assistance should be judged not on the basis of funds obligated but on the basis of results achieved. And the same applies to security assistance. Security assistance can help strengthen friends and allies so they can play a larger role in promoting regional stability, defending themselves against aggression and participating in peacekeeping activities.

The Clinton administration does not view security assistance in isolation but in terms of how it can serve the mutually reinforcing and overarching goals of our foreign policy.

Nonproliferation and disarmament are among the greatest national security challenges facing us today. The proposed fiscal year 1994 budget reflects an integrated governmentwide approach to nonproliferation and arms control. We are requesting funds for the establishment of a new \$50 million nonproliferation fund.

Developmental resources will also be devoted to addressing other global problems such as AIDS, international crime, terrorism, narcotics production and trafficking.

Alleviating human suffering remains a high priority in our fiscal year 1994 budget. During fiscal year 1993, we provided worldwide relief to refugees and victims of poverty, natural disasters, and crises such as war, famine, and drought.

Significant amounts of aid are being directed to the Horn of Africa and Southeastern Europe in response to the vast human tragedies in Somalia and the former Yugoslavia. The Clinton administration is committed to continuing funding levels Congress provided for these activities in fiscal year 1993, and we are also proposing a \$20 million increase in refugee assistance in 1994.

To conclude the broad topic of assistance, Mr. Chairman, if we succeed with our planning for redirecting and revitalizing our assistance efforts, Americans will benefit and the world will benefit.

STATE DEPARTMENT REFORM

Now, a few words about State Department reform. Given the budget restraints we face, we must make wise use of our funds for all the programs that we have that become ever more important.

In this regard, I would particularly like to commend Representative Berman and Representative Snowe for their subcommittee's efforts to provide me with the increased flexibility and decreased micromanagement. I know that you are marking up the State Department bill next week, and I appreciate very much your help as the Department tries to accomplish more with fewer budgetary resources.

Our broad-based reform of the State Department's organization and operations is designed to achieve quicker, more open, more cost-effective policymaking and performance. We must achieve clear financial accountability. We must invest in better training for our personnel, both foreign and civil service. And we must ensure that the face of the Department, which is shown to the world, is a diverse face. The committee's cooperation and support remains vital to the success of our overall reform efforts.

I want you to know, Mr. Chairman, and all Members of the committee, that our administration is more open to your views than ever as we face, together, the challenge of forging a new foreign policy, better channeling our resources and adapting our institutions to a world that is fundamentally changed.

CRISIS IN THE FORMER YUGOSLAVIA

And now, Mr. Chairman, before I close, I want to add a few words on the ongoing crisis in the former Yugoslavia, a matter that I know is of deep interest to the committee.

The so-called Bosnian Serb referendum this past weekend has overwhelmingly rejected the Vance-Owen peace plan. At the same time, the Bosnian Serbs, and others in that sad country continue to engage in aggression.

As you know, I never gave much weight to the so-called referendum and I indicated from the moment the Bosnian Serbs called for it that it would, in no way, advance the cause of peace. And I believe that it has not done so.

My attitude was similar toward the signature by the Bosnian Serb leader Karadzic on the Vance-Owen plan in Athens. Subsequent events have made a mockery of that signature. What we have looked at, and looked from the beginning, were not signatures or words or referenda but rather actions on the ground demonstrating a serious interest in ending the violence and coming to a peaceful settlement. We have seen no real indication of such actions by the Bosnian Serbs.

This is, historically, a tragic and difficult problem; and it involves a struggle between three groups: the Serbs, the Croats, and the Muslims, all residing in Bosnia and each possessing deep distrust and ancient hatred for each other.

The war that began 2 years ago has evolved into a war of all against all. Some of the most violent recent battles have taken place in the western area between Croat and Muslim fighting particularly around the town of Mostar. There are atrocities on all sides of this terrible situation.

Obviously, any intervention in such a morass must be carefully considered and carefully weighed with a clear view to what the United States' interests are.

In addressing this problem, President Clinton has set forth several principles that guide our participation to further steps to provide to contain the conflict.

The first principle is that we will not act alone in taking actions in the former Yugoslavia. This is a multilateral problem, and it must have a multilateral response. There are a number of countries already involved on the ground. And a number of countries have moral, political, and strategic interests at stake here. Furthermore, at heart, this is a European problem.

We will do what we can in concert with our allies and friends to respond to the violence and contain the conflict, but we will not act unilaterally.

Second, the United States will not send ground troops into Bosnia to engage in military action. As I is said, we are prepared to commit our military forces to implement a peace settlement entered into consensually and in good faith by the parties, but we will not use our military forces to impose a settlement in the Balkans.

The President's position is that the best way to increase the pressure on the Bosnian Serbs and ultimately contain the conflict is to lift the present arms embargo coupled with a standby order for the Air Force in the event that the Bosnian Serbs try to take advantage of the situation while the Bosnian Government is preparing to defend itself.

This approach is, in the President's judgment, the right course. But it is an approach that, obviously, can be carried out only with the cooperation of our allies and friends. It will require the repeal of the United Nations Security Council resolution which was supported by the prior administration and by the governments in Europe.

As you know, our allies and friends in Europe are not prepared to follow this course at the present time. However, we are continuing to consult with them on these proposals and other steps.

Along these lines, I will be engaging in a new round of consultations on the problem. In the next several days, I will be meeting

with Foreign Minister Kozyrev of Russia on Thursday and Foreign Minister Juppe of France here in Washington on Monday.

Although, Mr. Chairman, this is a difficult situation, a problem I once described as a problem from hell, our involvement and our actions have made a difference. American leadership has resulted in concerted pressure that has produced some tangible results. We have become engaged diplomatically, and we were able to get two parties to sign the Vance-Owen agreement and enforcement of the no-fly zone and a humanitarian effort to save thousands of lives.

Our pressures have resulted in Milosevic's recent shift to pushing for a peace agreement and to isolate the Bosnian Serbs. And we have increased the sanctions against Serbia very considerably in the last few days. These actions have been consistent with our interests.

In situations like this, Mr. Chairman, we must be tough, but we also must try to be wise. And being wise means acting in ways that are consistent with our national interest. This the President has done and will continue to do so.

Thank you, very much, Mr. Chairman. I will be glad to try to answer any questions from you or members of the committee.

[The prepared statement of Secretary Christopher appears at the conclusion of the hearings.]

Chairman HAMILTON. Thank you, very much, Mr. Secretary. We appreciate your testimony this morning on the foreign aid program; and, of course, we listened very attentively to your comments with respect to Bosnia. My questions will begin with Bosnia.

THE NEXT STEP IN BOSNIA

I guess the overall question I want to put to you is, where we go from here. Where do we go from here with respect to the negotiations? Is the Vance-Owen plan dead, as some have said? Or is a new negotiating track possible?

Where do we go from here with respect to military options if what the President favors is strongly objected to by the Europeans?

And one of the principles that you set forth is that we are not going to go alone and that you view this as a European problem.

Where do we go from here with respect to our allies with whom we clearly have some differences?

And where do we go from here with respect to Russia, with whom I think we also have some differences.

Perhaps, you could give us some of your further thoughts on Bosnia along these lines.

U.S. WILL NOT USE MILITARY FORCE TO COMPEL AN AGREEMENT

Secretary CHRISTOPHER. Well, there are a number of questions, Mr. Chairman. And I am sure you or others will followup with them if I don't take them all in my first pass.

Where we go from here, I think, is to continue to consult among allies to try to find some workable approach to this problem. I think we must find new ways to press the Bosnian Serbs to come into a reasonable agreement with the other parties and to agree to and live up to a cease-fire.

This involves, I think, pressure through sanctions which seem to be having some effect on Serbia. And I think then we will deriva-

tively have an effect on the Bosnian Serbs. I think we need to test Milosevic's intention to close the border between Bosnia and Serbia because if he does close it, that would put additional pressure on the Bosnian Serbs.

With respect to the Vance-Owen plan, Mr. Chairman, I think that it is something that will be built on in the future. Clearly this is a matter that must be settled in the long run. This is not an unconditional, as you understand, situation as I see it. It is a matter that will require settlement between the parties and bringing enough pressure in order to reach a settlement between the parties.

I have repeatedly said, and the President has said, that the United States will not seek to compel an agreement between the parties. We will not use our military forces to compel an agreement between the parties. The Vance-Owen plan, as such, has been overwhelmingly rejected by one of the three parties.

It was for that reason that I felt it was unwise to have a Security Council meeting this Friday on the subject of the progressive implementation of the Vance-Owen plan. We are not ready to try to implement a plan in which one of the parties is overwhelmingly in opposition. But I think we will continue to try to move to a situation where the parties are pressured into an agreement by sanctions, by the conduct of the nations surrounding that area.

Before we go to a formal Security Council meeting, there needs to be careful, bilateral discussions so we can concert our interests.

I do not think there is a rift in the alliance. I will be seeing Foreign Minister Kozyrev on Thursday afternoon. I am going to be explaining to him why I do not think it is appropriate to try to implement the Vance-Owen plan at the present time. At least the United States is not prepared to go ahead with the implementation of the plan with which one party is in strong disagreement.

I will be meeting with other allies as we try to concert our efforts on what is an extremely difficult problem. And I think it should be no surprise that it is taking time to find a concerted approach to the problem.

VANCE-OWEN STILL VIABLE

Chairman HAMILTON. Mr. Secretary, I gather from your comments that you do not consider Vance-Owen dead but you do think it needs to be improved. You still support the process, is that correct?

Secretary CHRISTOPHER. Yes, sir. I support a process looking toward the settlement of the matter. Whether we have reached the point where there needs to be a new forum or some other way to address the situation is something that we need to be considering over the next several days.

I would not want to lose, though, the considerable progress that has been made under the Vance-Owen plan. I think it is certainly something to be built on for the future. But I do not think it is appropriate for the United States to try to implement a plan which has been so firmly rejected by one of the parties because to do so would require the use of overwhelming force.

Chairman HAMILTON. So the immediate prospect, then, for the next few days at least—and maybe weeks—will be a period of try-

ing to tighten the pressure through diplomatic isolation, through sanctions. You will be engaging in a very intensive period of diplomatic discussions and negotiations.

Is that what you foresee for the next few days?

U.S. SUPPORTS LIFTING ARMS EMBARGO

Secretary CHRISTOPHER. Yes, Mr. Chairman. But I want to emphasize that we have not given up on what we think is the soundest approach to this problem, that is lifting the arms embargo.

That arms embargo was improperly done with the best intentions. It has worked to disadvantage one of the parties. The Bosnian Serbs have overwhelming armaments, and the Bosnian Muslims—and that is the Bosnian Government—is really severely disadvantaged by the arms embargo.

So we are continuing to press for the lifting of the arms embargo with whatever compensatory action is necessary to prevent the Serbs from taking advantage of the period during which the Bosnia Government is getting some arms.

Chairman HAMILTON. And you will be trying to persuade the Europeans of the advantage of those military steps?

Secretary CHRISTOPHER. Yes, sir.

Chairman HAMILTON. Mr. Gilman.

U.S. WILL COMMIT GROUND TROOPS TO PEACEKEEPING EFFORT

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Secretary, did I hear you clearly when you said we have ruled out any ground troops, U.S. ground troops in Yugoslavia?

Secretary CHRISTOPHER. Yes, Mr. Gilman, we have ruled out ground troops, except to enforce a peace settlement that was entered into in good faith consensually by the parties.

Mr. GILMAN. That would be a peacekeeping effort then?

Secretary CHRISTOPHER. Yes.

PROSPECTS FOR THREE-PART PARTITION OF BOSNIA

Mr. GILMAN. Thank you.

With regard to Bosnia, there was a 1972 map—they call it the Lisbon map—where all of the parties apparently agreed; and then, unfortunately, due to our early recognition of Bosnia, that was cast aside.

Is there any possibility of getting back to that Lisbon 1972 map?

Secretary CHRISTOPHER. I wonder if that—

Mr. GILMAN. March 1992. I'm sorry. March 1992. I'm sorry.

Secretary CHRISTOPHER. Mr. Gilman, as I recall that plan—and I don't have a very precise recollection of it—but I believe it divided Bosnia into three regions, one each for the Serbs, the Croats, and the Muslims.

Mr. GILMAN. And they apparently all agreed to that.

Secretary CHRISTOPHER. I am not sure that they all agreed to that. It was not adopted by the parties. There may have been a moment in history when they seemed to agree.

The Bosnian Serbs are now suggesting that we go back to a plan like that. I would say that the position of the United States is that we want to negotiate a settlement in which all of the parties are

agreeable. If the parties became agreeable to such a plan, of course it would have great promise to us. That has been our position from the beginning.

We will help to carryout a plan in which the parties come to good faith, consensual agreements. That kind of a plan, Mr. Gilman, if I understand it, would probably sound the end of a multiethnic Bosnian State, because it is a division into three separate areas.

Although, conceivably, there could be some kind of a confederation. But this is a plan that is being advanced, as I understand it, by the Bosnian Serbs as a way toward the future.

If it is necessary to go back to a new international forum, I am sure that plans like that and related plans will be back on the table for consideration.

PROPOSAL FOR NEW BOSNIAN NEGOTIATORS

Mr. GILMAN. Well, I would hope that we don't foreclose the possibility of taking a look at that.

It has also been suggested that new negotiators might be appropriate such as Mr. Gorbachev and Henry Kissinger. Is there any consideration for that proposal? I heard a wire story on that over the weekend.

Secretary CHRISTOPHER. I saw those stories as well; and, of course, both of those men have outstanding reputations.

The problem has not been the quality of the negotiators as far as I am concerned. It has been the willingness of the parties to enter into good faith negotiations.

I would be glad to welcome anybody to assist in this matter. But, really, it gets down to the willingness of the parties to put aside their deep hatreds and come to some sensible conclusions about living in peace. And whoever might be able to move the parties in that direction would be very welcome.

FUNDING FOR FOREIGN POLICY INITIATIVES

Mr. GILMAN. Mr. Secretary, your foreign aid budget request for 1994 doesn't include the \$1.8 billion for the Russian aid package announced in Tokyo nor any funding for a major initiative in Haiti. I understand also that we are considering an initiative in Haiti at the moment.

It is my understanding that a successful completion of the current Middle East peace negotiations may lead to a \$1.2 billion development aid program in the West Bank and Gaza as well as some undefined package for Syria and Jordan.

Where do we anticipate getting the funds for those proposals?

Secretary CHRISTOPHER. Mr. Gilman, taking those one at a time, with respect to the Russian aid proposal, I think the administration feels an important obligation to bring before the Congress suggestions on how to fund that proposal. And I will be bringing that matter to Congress within the next week or two. I understand you are at that crucial point of markups and so forth. We are meeting on that matter very urgently and anxiously.

With respect to the Haiti situation, much smaller amounts are involved there. And we will certainly be coming to the Congress if we reach the point where we think that kind of funding will be use-

ful and desirable to help us make progress on the steps that we are taking in Haiti.

With respect to your question on the Middle East, I hope we will have an opportunity to reach the kind of the settlement that we are talking about, Mr. Gilman. But I think we are some distance off from that. The numbers you are using are ones that I am not familiar with. And they are simply notional numbers that must be dredged up from some place. I have not seen figures of that kind. And, unfortunately, we have lots of progress to make before that kind of issue would become relevant.

U.S. POLICY TOWARD CHINA

Mr. GILMAN. Thank you Secretary.

One more question. Ambassador Winston Lord was recently in China, and his reports were that he was unhappy with the results of that visit.

Can you tell us what issues he did raise and the response that was made?

Finally, will the administration make certain that, with regard to MFN and to China, that one of the conditions will be the full cooperation on some of the recent questions that have arisen concerning Chinese involvement with our American POW's and MIA's?

Secretary CHRISTOPHER. Mr. Gilman, Assistant Secretary Lord raised a wide range of questions when he was in Beijing recently. All the issues were on the table—human rights, problems with Tibet, nonproliferation, trade issues, possible violations of various U.S. laws—these were all discussed. He didn't make as much progress as he hoped.

The Chinese indicated the areas in which progress has been made, and there may be some progress made. But I think it is a matter in which there is going to have to be considerably more progress if we are to go forward with the kind of actions that we hope to take toward China.

We will be working very closely with the Congress to try to understand all the issues involved in a continuation of most favored nation treatment for China. We hope to achieve that. We hope there will be enough progress to enable us to come to the Congress and, in good faith, tell you that we are making the kind of progress that justifies continuation of MFN.

But you can be sure that we will consult closely with the Congress in this matter. And I would say, Mr. Gilman, that we have not heard the end of this story by any means. In dealing with any country—and especially in dealing with the Chinese—you make a proposal, you make your points, you outline your concerns, and the reaction time is not instantaneous.

So I think we will be having some reactions over the next few weeks. I know that the time is drawing short. We are all very aware of the running of the clock for MFN. But we will take into account the matter that you raised as well as all the other matters that are on the table in making a recommendation to the Congress as to how we proceed from here.

Mr. GILMAN. Thank you Mr. Secretary.

Chairman HAMILTON. I might advise Members that, according to the committee rules, we will call Members who were present at the

start of the meeting in order of seniority, followed by those that arrived after the start of the meeting in order of their arrival.

Mr. Lantos.

COMMENDING PRESIDENT CLINTON'S FOREIGN POLICY

Mr. LANTOS. Thank you, Mr. Chairman.

Mr. Secretary, when this administration took office, there was a great deal of skepticism with respect to the field of foreign policy. President Clinton spent his political lifetime as governor of a small state. He had hands on experience with domestic issues. But there was a great deal of doubt as to whether he would be able to deal with the enormous complexities of the post-cold war world.

Let me tell you, speaking for myself, that I want to commend the President; and I want to commend you for the outstanding way this administration has begun its tenure in the field of foreign policy.

I would like to deal with the issues of Russia, Yugoslavia, and China.

First, let me pay tribute to the President and to you for having the guts to support Yeltsin at a time when most of the political pundits and many in this body cautioned you to keep your distance.

The decision of this administration to courageously and openly support Yeltsin contributed, no doubt, to his victory. And the moment after his victory he disassociated himself from supporting the Serbs and warfare in Yugoslavia and, through the foreign minister, has been attempting to play a constructive role.

I think we would be in an infinitely worse position in our relations with Russia and with respect to Yugoslavia if the President and you had not taken this courageous and far-sighted action.

Secondly, Mr. Secretary, let me commend you on your handling, and the President's handling, of this enormously complex Yugoslav crisis. You have shown leadership, and Europe has chosen not to accept this leadership thus far. That is fine. They are big enough, strong enough, with adequate military and other resources to handle the problems themselves if they so prefer. I think your position of the United States not taking unilateral military action is the only sound position to take.

Europe may be able to resolve this issue. And if Europe is not, they will come back and accept our leadership. But I must say, as I have told you on several occasions, that in my judgment, by January 20, when this administration took office, there were no good solutions. The very best that you could do was attempt to minimize a very serious and damaging situation, and I think you have done so with exemplary skill.

PREVENTIVE DIPLOMACY IN THE BALKANS

I would like to ask a question with respect to prevention and preventive diplomacy. It is extremely important that this crisis in Yugoslavia not spread to other countries: Bulgaria, Greece, Turkey, Albania.

There is currently a small NATO military contingent in Macedonia. Several of us raised the issue of stationing a larger NATO contingent there which would serve as a trip wire, just as for 40 years a NATO contingent in West Berlin served as a trip wire. West Berlin was never attacked because there was a military force present.

I would like to ask whether you feel the need to strengthen the military forces currently in Macedonia that would serve as a preventative from the spread of hostilities?

CONSULTATION ON CHINA POLICY

The second issue, I would like to raise relates to China. I want to commend you and the President for consulting at length and in a leisurely fashion with the leadership of this committee concerning both Russia and Yugoslavia. We have had no such consultation thus far with respect to China. The clock is running.

Before long, you or the President will have to come forward with a recommendation. The latest reports are that China is violating the proliferation agreement that it made. Its continuing sale of highly sophisticated items in the nuclear field to Pakistan is a matter of utmost concern. There is no improvement in the human rights field. And there is an unfair trade policy toward the United States manifested by the enormous Chinese trade surplus.

I wonder if I might ask you whether you or the President are planning to consult seriously and at length with the leadership of this committee on the question of China?

We have worked together extremely well on Russia and on Yugoslavia, and it is our hope that we can do so on China as well.

CONTAINMENT OF BOSNIAN CONFLICT

Secretary CHRISTOPHER. Thank you, Mr. Lantos. First, I am glad you reminded me of the containment issue because in my reply to Mr. Hamilton, I failed to touch on that.

Containing the conflict in the Bosnian area is one of the prime goals of President Clinton. I think that that is something that we may be able to be effective in doing.

As you said, the Bosnian situation had already proceeded on a course that made it very difficult to find a reasonable solution after we came into office. And I think you will find President Clinton addressing the containment issues within the relatively near future because we are actively considering them.

One of the things that must be considered is how to ensure the continued independence of that new nation which has now been recognized by the United Nations as the former Yugoslavia Republic of Macedonia, frequently referred to as Macedonia. There are various ways that we could try to ensure the continued independence of that country, and they are under careful consideration.

One of the ways would be to increase in some respects the security arrangement that is there. But there are other techniques to try to ensure that Serbia is on full notice that any action with respect to Macedonia will have very serious consequences for the United States.

I think I should not go further than that today, Mr. Lantos. We are also concerned about the situation in Kosovo. And I think we will be considering ways to try to prevent Kosovo from becoming the fulcrum of additional action in the former Yugoslavia because it is the President's determination to prevent the spread of the conflict in Bosnia, to prevent the spread south, which could ultimately involve not only Albania but all too probably our NATO allies of Greece and Turkey.

CONSULTATION ON CHINA PROMISED

With regard to your second question, Mr. Lantos, I regret if we haven't consulted with you at this point on China; and we will be doing so promptly. Mr. Lord is still traveling in Asia. But when he returns, he and I will consult with you. And I assure you we will consult with this committee very fully on that subject because it is an important decision for the United States to try to find a way to maintain relations with China as it moves toward economic reform but to also take into account our other very important goals of non-proliferation, fair trade, and improvements in the human rights conditions.

Mr. LANTOS. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Chairman HAMILTON. Mr. Smith.

UNFPA INVOLVEMENT IN CHINA

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Secretary, welcome to the committee.

As you know there are two essential tenets of the two previous administrations when it came to population planning. The first was that all family planning funds, must go to those organizations where family planning is voluntary.

The administrations, I think, previous, both Bush and Reagan, were very serious about coercion and were willing to withhold aid from those organizations that in any way aided and abetted coercion.

The second tenant, under the Mexico City policy, is that abortion would not be promoted as a method of family planning, based on the view that family planning ought to be preventive and ought not to be the taking of human life.

Thus I was shocked, dismayed, and very disappointed when the Clinton administration announced its plans to resume funding to the UNFPA, in spite of the fact that the group has been involved in supporting and comanaging China's coercive family planning program, the one-child-per-couple policy, which relies on forced abortion and forced sterilization. It is not only antichild but equally antiwomen as well.

It is a gross violation of human rights. And twice the House of Representatives has condemned the Chinese program as constituting crimes against humanity.

As you know, an article in the *New York Times* on April 25 reminded us of the barbaric inhumane nature of the Chinese program: dead babies, broken women, and broken families. The article underscored how the Chinese Government is participating in a genocide of child abuse. Sterilizing people, breaking families and killing babies.

Sadly, the UNFPA has defended the Chinese program over the course of the past decade. And in 1983—I still can't believe this—the United Nations gave them the Excellence in Population Award at the very time that the hard-liners in Beijing were engaged in a high tide; women were forced in large numbers, in group manner, to get abortions.

UNFPA has continually defended the China program on network television programs and called it totally voluntarily. They had spent \$10 million per year, \$100 million since 1979. Their people are on the ground aiding and abetting this kind of genocidal policy.

I would just like to ask you, Mr. Secretary, three specific questions.

I saw earlier in the week in the *New York Times*, another article out of Beijing suggesting that the UNFPA perhaps has had it with the Chinese program and are, as the article puts it, considering leaving China over coercive population control.

ADMINISTRATION'S POLICY TOWARD CHINA

Could you tell this committee what the position of the administration is on the UNFPA's leaving China?

[The following response was subsequently submitted for the record:]

Several years ago, UNFPA's Governing Council approved the current program in China which is scheduled to continue through 1994. The United States has consistently and vigorously opposed coercive population programs. The United States, like the U.N., bases its family planning efforts on voluntarism. We have called on UNFPA to examine whether its efforts have significantly improved voluntarism in China and whether it is possible for UNFPA to have such an impact on the China program.

We do not know what actions UNFPA will ultimately take with regard to China, but we will continue monitoring the situation closely. The administration wishes to work with other donors within UNFPA's governing structure to address this issue.

And secondly, I would ask you, with respect to MFN in China, I have legislation pending that would make, as an additional condition, human rights condition, a finding that China not be engaged in coercive population control. And this is not without some precedent.

Former Congressman Moody on the House side and Barbara Mikulski on the Senate side offered amendments successfully to the bill in 1991 that said that the President had to certify that the Chinese Government didn't engage in a coercive abortion or sterilization program.

I am just following that leadership that they provided previously, especially in light of the fact in the last 2 years it has gotten worse, not better.

Do you think the administration will support that kind of MFN conditionality?

[The following response was subsequently submitted for the record:]

The administration's report to Congress concerning extension of waiver authority for China lists a number of areas in which we will take into account China's actions in considering an extension of MFN next year. One of those areas in China's family planning policy. Specifically, we will examine whether China is "Taking effective steps to ensure that forced abortion and sterilization are not used to implement China's family planning policy."

And the third goes to the issue of asylum. What is the position of the administration to providing asylum to those women and perhaps men who are trying to evade the forced sterilization programs and those women who are seeking to evade the forced abortion policy of China? Is asylum available to them?

And if you could spell out for us what the current policy is, I would appreciate it.

CONDITIONAL SUPPORT FOR UNFPA

Secretary CHRISTOPHER. Mr. Smith, I was as appalled as you were by the story in the New York Times. I found it very abhorrent, and I share your feeling that that is an improper practice for the government to have followed.

President Clinton has indicated that we will be supporting the UNFPA but only to the extent that the law permits. And we are now considering whether or not the Kemp-Kasten amendment will permit funding of UNFPA.

The United States does not support coercive abortion. It does not support forced sterilization as a population technique.

Frankly, if the UNFPA decided that they no longer would want to have a program in China, it would certainly simplify the matter, and it is very important to find ways in which no U.S. funds go to support that kind of a program. So I would welcome simplification in that area.

ASYLUM FOR CHINESE WOMEN SUBJECT TO FORCED ABORTION

Frankly, I have never considered the question of asylum for women who might be subjected to possible forced abortions or other similar practices. I think we would have to revert to the traditional analysis as to whether or not there was a justified fear of persecution within the country.

And I would—as I say, that is a new question for me and this is an off-the-cuff answer to that question. I do think that traditional analysis would have to be applied.

On the other question, if I remember it correctly, I would say, yes, in considering what conditions might be attached, one of the matters that we would consider—I don't want to give an absolute commitment in on this—but one of the matters that we would consider is the human rights aspects of forced abortions and the coercive population policies that the Chinese are conducting.

Mr. SMITH I really do appreciate that. Could I followup briefly?

Chairman HAMILTON. All right.

Mr. SMITH. I raise the asylum case because, in the first few days of the Clinton administration, the President stopped the final ruling of the asylum law from going into effect. The final ruling was designed to help those Chinese women.

I would deeply appreciate it if the administration could get back on that.

Secretary CHRISTOPHER. There are a number of things that happen in this government that I don't know about. I am embarrassed that this is one of them. We will get to you on that.

[The following response was subsequently submitted for the record:]

Persons physically present in the United States or at a land border or port of entry are eligible for asylum if they can establish they qualify as "refugees" under section 101(a)(42) of the Immigration and Nationality Act (INA). The Attorney General grants asylum pursuant to the INA and published regulations to qualified applicants, including in some cases persons fleeing coercive family planning policies.

There is presently a great deal of immigration fraud by Chinese nationals, much of it linked to Asian crime syndicates. Thousands of illegal migrants are arriving

by air, by land, and by sea from China. When apprehended, many of these migrants (the overwhelming majority of whom are males) apply for asylum, claiming to be fleeing coercive family planning policies in China. The administration is currently studying this problem of fraud and its relationship to current asylum law and procedures.

Chairman HAMILTON. Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

Mr. Secretary, good morning. On the last point, I would say that I think the administration could make a major contribution to moving the imprimatur of the United Nations from this horrid Chinese policy by persuading the UNFPA to withdraw from China. It would both be a morally correct position and it would certainly facilitate a level of unity on some of our other important foreign policy goals.

Secretary CHRISTOPHER. You can tell from my reaction, I would welcome it, Mr. Berman.

FUNDING RUSSIAN AID REQUEST

Mr. BERMAN. You mentioned in your initial testimony in response to Mr. Gejdenson's question that you will be coming back to the Congress soon with a notion of how to fund the \$1.8 billion increase in the 1994 assistance to Russia and the other Republics of the former Soviet Union.

As Mr. Lantos pointed out, I think the administration deserves tremendous credit for taking on what I think is the most important issue we have to deal with, which is the transition to democracy and to free markets of these Republics and to provide a very small slice of what we have paid in defense expenditures to protect freedom in the West and from the old Soviet Union.

As to how to pay for that small slice, let me just give my advice as 1 of 435 Congressmen. The notion of trying to pay for that by confining ourselves within the foreign aid budget seems to me to be just crazy. There is no way in the world to provide those funds without seriously cutting back on aid to Israel and Egypt or decimating development assistance and particularly development assistance to Africa.

The Budget Enforcement Act of 1990 requires and allows for provisions for emergencies. This relatively small additional money, which can play such an useful role in providing American support as part of a multilateral package for this transition, clearly fits into that definition of an emergency.

To the extent that there is a feeling of a need to pay for the funding of this, I urge the administration not to confine itself to looking within the foreign aid budget. I also truly believe that when push comes to shove, the Congress of the United States is not going to reject this administration's forceful plea to pitch in at this particular time on the basis of some particular budget guideline or constraints.

Thank you.

Secretary CHRISTOPHER. Mr. Berman, thank you for that piece of advice. As you might imagine, it is one that is very welcome to me because, in the discussions, I have been making the point that our relations with Russia have importance all the way across the board and especially have importance for our defense budget as well.

If we can maintain a steady course there, if the friendship continues, it will enable us to make enormous savings in the defense budget as well as in the foreign policy area. So, I welcome that comment. We will be working hard in that direction.

I also want to say, since you have given me this opportunity, that it is very important that we live up to that commitment. It would have a devastating negative effect on the United States standing around the world, as well as disappointment in Russia, if we do not maintain that commitment. I think it was an important factor in the outcome of the referendum, and it is important in achieving the changes in Russia we want to achieve.

For example, \$500 million of that is a challenge grant for the privatization of industry in Russia. Few things are more important to the future of the United States than a transition to a free market economy in Russia which could be an important trading partner in the future.

Mr. BERMAN. I want to point out in closing that no administration or Congress has been reluctant to increase the debt for national defense by factors of hundreds of times the \$1.8 billion now under consideration. Now we have an opportunity at an incredibly small fraction of that to deal with this issue and I can't believe we are not going to take that opportunity.

Chairman HAMILTON. Mr. Roth.

AMERICAN PUBLIC'S PERCEPTION OF FOREIGN AID

Mr. ROTH. Thank you, Mr. Chairman.

Mr. Secretary, we have been watching you on C-SPAN and the news traveling around Europe. I want to say thank you for your demeanor and the way you have carried yourself. It is wonderful to see a man like you handle yourself as you have.

Secretary CHRISTOPHER. Thank you very much.

Mr. ROTH. You are here to talk about your foreign aid bill. All surveys we hear about on Capitol Hill tell us Congress is not held in high regard. One of the reasons is that Congress does not represent the wishes or speak for what the American people are longing for today.

Your bill asks for an increase in foreign aid. When the American people see what is going on in our inner cities, we have 25 percent or more of unemployment. We have \$400 billion in deficits and now we are going to send more overseas. They see our senior citizens taxed, 14 new taxes in 14 weeks went through Congress.

Do you think the American people are ready for this bill?

Secretary CHRISTOPHER. Mr. Roth, I think the administration bears a heavy burden to show the people of the United States that each dollar we spend on foreign aid is well spent and will serve their purposes in the long run. I think we can meet that test with the foreign aid request that we have had made.

Some have characterized them as being flat. They are slightly more than last year but not as much as the increase in the cost of living. I think as you go through the items in that foreign aid bill, every one of them needs to be justified and I believe every one of them is justified. I think when we have an opportunity, we will be able to make that case to the American people.

When you talk about aid to Russia, I think that is a very good investment in the future relations. You talk about the diplomacy that comes from the United Nations peacekeeping organization, those are good investments. We have to try to provide the leadership to convince the nation that these are funds wisely spent.

I ask the committee for their help in explaining that to the American people. Each of you go before the public every 2 years to get your contract renewed. I know you have a very heavy obligation in that regard.

Mr. ROTH. Mr. Secretary, you mentioned that the administration has to explain this to the American people. The President, I see, is on the stump today and I would like to see him address this issue.

You mentioned that American people want to see each dollar spent to get their investment. We have an aid program that has as much as \$8 billion in the pipeline for as much as 10 years. Our own GAO said all this money should be authorized. I had a bill in last year to deauthorize it after 2 years. I would like to have your help there.

There is a lot of waste, fraud, and abuse in our foreign aid program and I would think we owe it to the American people to ferret that out. What do you think?

Secretary CHRISTOPHER. I think we have to narrow the aims of the aid program and have both a reorganization of the goals and purposes but also a structural reorganization of AID. We want to work closely with this committee and with the new director of AID to see if we can't put it on a basis where it will be easier for you to defend and you will feel confident about it.

Mr. ROTH. Thank you.

Chairman HAMILTON. Mr. Faleomavaega.

ASIAN-PACIFIC REGIONAL COUNCIL

Mr. FALEOMAVEGA. Thank you, Mr. Chairman.

Mr. Secretary, I would like to offer my commendation to you and the administration on the excellent job you have done as Secretary of State. I would like to echo the statements of Mr. Lantos, the gentleman from California, in expressing this compliment to you and the administration for doing an outstanding job in conducting the foreign policy of our country.

I have a couple of issues. Mr. Secretary, there seems to have been some recent movement to see the concept, as you mentioned earlier, about preventative diplomacy, whether this administration will support the concept of organizing a regional council in the Asian Pacific region. I would like to have your comments if there is such a movement in that regard.

SOUTH PACIFIC NUCLEAR FREE ZONE TREATY

Secondly, Mr. Secretary, the previous administration worked closely in organizing and also in collaboration with several island countries which later became in final implementation what is known as the South Pacific Nuclear Free Zone Treaty. Our Government was closely associated with the formation of this treaty and the provisions thereof and, at the last minute, we decided not to become a signature to this treaty.

What this means to these island countries, Mr. Secretary, is the fact that we should be very sensitive to the hazards of the problems associated with the nuclear free zone. It is my understanding that France may once again resume nuclear testing in the South Pacific.

I, for one, Mr. Secretary, want to express very serious concerns. This also ties into the fact that if we ourselves are going to resume nuclear testing within the next 6 or 7 months, I would like to raise that as a very serious issue.

Recently, the previous administration signed off on what was previously known in the Pacific region as a joint commercial commission with the State Department. I would like to know what your comments are concerning this movement, hopefully, as a means of conducting our foreign policies to give assistance to the South Pacific nations.

I would appreciate your response.

ASIAN PACIFIC REGIONAL TREATY UNDER CONSIDERATION

Secretary CHRISTOPHER. Let me try to answer at least some of them. First, with respect to a possible security treaty, that is a subject that has been discussed before. I think the most that I can say today is that we will be considering that subject again at the APEC meeting in Seattle and also at the ASEAN meeting in Singapore in July.

There has been hesitation on the part of the United States in the past and also on the part of the other countries in the region. I think it is time to take a look at that.

SOUTH PACIFIC NUCLEAR FREE ZONE IS UNDER REVIEW

With respect to the South Pacific Nuclear Free Zone, the United States has been hesitant to join that for fear it would interfere with our operational flexibility and freedom in the South Pacific area. I wonder whether the pressures for that are as great as they used to be, given recent developments, particularly the developments between the United States and Russia.

I think I continue to feel that the United States is not at odds with the basic thrust of that nuclear free zone for the South Pacific, but we are concerned about our operational flexibility and freedom in the South Pacific for the same reasons we have been concerned about New Zealand's regulations against nuclear ships putting into port there.

With respect to the testing, that is an issue that is before the President at the present time or soon will be, as to whether or not we should resume testing as permitted by Congress for a 3-year period and then whether, at the end of that period, the United States should adopt a comprehensive test ban.

As I say, those matters are currently under review by the President and will be decided, I would think, in the relatively near future, as they ought to be, so that if testing is going to be resumed, it could be resumed in a timely way.

I won't try to answer more of your question, but I will get back to you on any one that I did not answer. I will look back at the transcript, sir.

CALL FOR RESTRAINT IN NUCLEAR TESTING

Mr. FALCOMA. Thank you. The only thing that strikes me as an irony is the fact that for the past 40 years, we have been conducting nuclear testing to be sure that if that button is pushed, it will work. The thing that disturbs me is: How much greater expertise do we need to press that button and to be sure that it will work?

After 40 years of testing, don't you think we have enough expertise in knowing that that button and trigger will operate? That is the excuse I keep hearing from experts on why we need to continue testing.

I wonder if maybe we can do this on the basis where all the members of the nuclear club could do this collectively and maybe at a very low level of detonation and perhaps do it in a more safe way for peaceful purposes and not for the day that we hope to God will never happen. We have to make sure that that trigger is going to work. That is the concern that I want to express.

Thank you.

Chairman HAMILTON. Mr. Levy.

SUPPORTING CURRENT AID LEVELS FOR ISRAEL AND EGYPT

Mr. LEVY. Good morning, Mr. Secretary.

Mr. Secretary, many of my colleagues and I have been applauding the effort to maintain aid to Israel at \$3 billion for fiscal 1994. I share your view that maintaining the package to the Camp David countries is critical for the peace process.

There have been some comments from the administration that have left me with some concern as to our intentions. Mr. Panetta was quoted as saying, "Little of the money can be taken away from Israel and Egypt."

Am I reading his comments too closely or is there some risk that the administration will take some money from the aid we give to Israel and Egypt?

Secretary CHRISTOPHER. With respect to the 1994 budget, our request is firm to continue at last year's level and not to have it diminished in any way. With respect to the future, our intention is to provide best efforts in the same direction.

I don't know what Mr. Panetta said, but I think with respect to this year, we are fixed on maintaining the current levels.

Mr. LEVY. Along the same lines and in connection with the hefty burden you spoke about before in terms of selling the aid package to the American people, I think the general impression is that the United States simply gives away \$3 billion to Israel every year. But when you examine the package carefully, it looks a little different.

The \$1.8 billion in military aid, can we estimate what percent of that aid is spent back here in the United States? We find we get a very different perception from the public when we are able to sell that program not only as helping an ally in the Middle East, but also being an economic stimulus for ourselves.

Secretary CHRISTOPHER. I don't have an exact percentage, but I am quite sure more than half comes back into this country.

PROGRESS SEEN ON POW/MIA ISSUE

Mr. LEVY. If I might shift focus, there are many unanswered questions regarding the status of American POW's who served in Vietnam. Many of the families think there is an effort to quickly wrap up those negotiations so we can normalize relations in time for the embargo consideration.

Can you tell me what those considerations are?

Secretary CHRISTOPHER. The President is determined that we get satisfactory answers with respect to the POW's and MIA's before we proceed to normalization of the relations. That is a precondition. The other precondition was the cooperation of Vietnam with respect to Cambodia.

General Vessey was in Vietnam recently. I think he felt history was reassuring as far as the degree of cooperation. I would stress the President's determination that we will have a satisfactory response from Vietnam before we take the next steps. I think that we are making good progress on that front. At least that was the feeling General Vessey had. I think he felt there had been more progress than he had seen in prior trips.

Mr. LEVY. Thank you, Mr. Secretary.

Mr. Chairman, I yield back the balance of my time.

Chairman HAMILTON. Mr. Brown.

U.S. KNOWLEDGE OF POSSIBLE SUCCESSORS TO YELTSIN

Mr. BROWN. I would like to echo what Mr. Lantos said about the administration support of Mr. Yeltsin, what it has meant to this country and Central and Eastern Europe around the world. There are discussions—there are always ongoing discussions about the health of Mr. Yeltsin, his life-style and not to mention any kind of political traps that could cause him not to be there a month or a year from now.

Do we know enough about potential successors, reformers and nonreformers? Have we reached out enough to them and to others who might be younger? It seems so often our foreign policy does not think enough about not just immediate successors, but successors 5 and 10 years down the road.

Is the administration trying to get to know those people?

Secretary CHRISTOPHER. Mr. Brown, I think that is a subject on which we never do quite enough. Mr. Yeltsin, I saw him 2 weeks ago and he was in good health and good form. That does not lessen our need to try to assess possible successors and try to get to know them.

Yesterday, Ambassador Pickering was sworn in as our Ambassador to Russia. He told me he was going to travel throughout Russia and try to understand the next generation of leadership. So we have one of our very best Ambassadors going there.

We see every day the younger members of Mr. Yeltsin's cabinet, the financial minister, the foreign minister. It is a great pleasure to work with them in a cooperative relationship. Your point is one that we always should be aware of, to get in touch with the Mayor of Petersburg as well as the other rising political stars in Russia.

Chairman HAMILTON. Mr. Bereuter.

GAINING ALLIED COOPERATION ON NONPROLIFERATION EFFORTS

Mr. BEREUTER. Thank you. Mr. Secretary, we are glad to have your testimony this morning.

What additional steps can we take to assure that businesses and technical institutes of our allies stop providing assistance to Libya and Iraq on chemical weapons programs and weapons of mass destruction.

I think my yellow light went on.

Chairman HAMILTON. I was asleep at the switch. It is corrected now.

Mr. BEREUTER. Mr. Secretary, it seems to me we continue to have difficulties with respect to several of those countries and their programs to build weapons of mass destruction, including chemical munitions.

What can we do beyond what we have already done to impress upon our allies that countries and their businesses should not be providing this critical technical assistance?

Secretary CHRISTOPHER. Mr. Bereuter, it is a subject of continuing concern for us here in the United States. It begins with our warning our allies and friends as to what our policies are. We have very strict statutes on that subject which would require us to sanction businesses that provide, for example, chemical weapons materials for any country that is in the process of making weapons of mass destruction. So, first, we tell them what our laws are.

Second, and this will be important for the future, we need to have the best intelligence that we can garner as to what countries are doing because businesses in even very friendly countries quite often have a disregard for who their purchasers are and what they are doing with the materials.

I would say seldom a week goes by that I don't meet with some country to remind them that one of their companies is in violation of our laws or according a violation of our laws. I met with one last week and pointed out that three of their companies seem to be doing business with Libya and the consequences of that conduct. If the government has been shown to have a lax attitude, the government itself gets a black eye.

Those three things come to mind. First, to let them know what our laws are; second, to have comprehensive intelligence; and third, to warn them of what sanctions they would be subjected to if they ignore our regulations.

NORTH KOREAN WITHDRAWAL FROM NUCLEAR NONPROLIFERATION TREATY

Mr. BEREUTER. It seems to me we have to investigate further sanctions against the companies themselves and companies that do business with those companies. Last week, the U.N. Security Council passed a resolution allowing North Korea to withdraw from the Nuclear Nonproliferation Treaty.

Do you think there would be unanimity within the Security Council now for the imposition of economic sanctions against North Korea and what can you tell us about the People's Republic of China's effort to try to convince North Koreans to relent from their current direction and permit inspections?

Secretary CHRISTOPHER. First, the passing of that resolution in the United Nations Security Council was a very positive step. It indicated that we would have the support of China in trying to pull North Korea back from its decision to withdraw from the NPT, and, most importantly, to get them to reverse their decision against permitting inspection.

Indeed, North Korea has made important steps toward the resumption of inspections by the IAEA which is also a good sign. We are not there yet in the sense that we are not fully satisfied that they have taken back the actions that they took and threatened about 6 weeks ago. We are working hard on this path.

I think the best indication of the Chinese point of view is that they did not obstruct or prevent the resolution from going through the United Nations. That is not a sanctions resolution. It is a general intentions resolution, but it is one of the sequential acts we intend to take toward North Korea.

The United Nations is playing an important role. We are consulting with South Korea. The idea is to proceed deliberately and with determination. That is what we are doing.

Chairman HAMILTON. Mr. Hastings.

ASSESSMENT OF PROGRESS IN MIDDLE EAST PEACE TALKS

Mr. HASTINGS. Thank you, Mr. Chairman.

Mr. Secretary, I would like to associate myself with the remarks of Chairman Hamilton and Mr. Lantos initially in general and with specificity for their questions, and compliment you and the administration for the extraordinary efforts that are being made in the arena of foreign policy.

What do you think was accomplished during the recently concluded Middle East peace talks? And when I say concluded, hopefully, they will be forever ongoing. But can you report anything that is favorable?

Secretary CHRISTOPHER. Mr. Hastings, you will understand when I say I am glad you asked that question because I wanted the opportunity to speak about this issue without unduly lengthening my initial statement. If you don't mind, I will respond perhaps extensively. Mr. Hamilton, if I am taking his time, I would ask the indulgence of the Chair to allow me to continue.

For the first time in the nine rounds, the Arabs and Israelis have talked to each other. They have a full partner in the United States, willing and ready to assist them in their efforts. The key question is: Will the Arabs, Israelis and Palestinians take advantage of these talks?

In the last few weeks, the parties have engaged each other seriously. They have formed working groups. They have exchanged papers on the issues before them and defined negotiations.

Serious talks continue in the Israeli-Jordanian track. The Israeli-Syrian negotiations have also continued on a serious basis. Indeed, papers of a substantive character have now been tabled on all sides. Nevertheless, this is not sufficient to produce progress or agreements. The parties need to see these negotiations more as a process of give and take designed to draw them closer together rather than keep them mired in their traditional positions.

They need to take into account more each other's moods. Our hope is that the negotiations will create a situation where each party sees the negotiation as an incentive to reach out to the other side.

They need to understand that negotiations here in Washington don't exist in a vacuum, reaching out to each other through public diplomacy, taking steps on the grounds to reduce confrontational situations and other things that are necessary to create a climate where serious work can be done.

We have been willing to play an active role in this process since we have come into office. We were instrumental in bringing the parties back to the table after a several-month hiatus and we made an effort to capture the substantive process. It is time for all sides to give serious consideration to the substance of the matter and we were trying to encapsulate that in the document we put forward. We will continue to do everything we can to assist the parties in these negotiations.

As you say, Mr. Hastings, we think they will resume in June. I want to emphasize the United States cannot travel this road alone. If the parties want our help we will be happy to provide it as they struggle with the negotiations. We think the process can work. I will be convinced of that if the parties show significant and political goodwill.

We can help all three—the Israelis, Arabs, and Palestinians—achieve the peace their region has so long been denied. I will emphasize that we will do our part but they will have to do their part. They must want peace more than we do.

Thank you for the opportunity to give me a chance to comment on that.

Chairman HAMILTON. That was a nice, extemporaneous answer, too. Mr. Secretary, if you will excuse Mr. Gilman and myself, we have to testify before the Rules Committee. I understand you have to leave about noon.

We are very grateful for your testimony. I will ask Mr. Lantos to take the chair. The next member is Mr. Diaz-Balart.

RUSSIAN OIL SHIPMENTS TO CUBA

Mr. DIAZ-BALART. As we in South Florida are exposed on a daily basis to those arriving on our shores on makeshift rafts and inner tubes, we cannot help but be moved by their horror stories of repression in Cuba.

Congresswoman Ros-Lehtinen and I sent a letter to you yesterday with regard to an unacceptable act on the high seas which we determined to be against international law by the Castro regime last Saturday. It may not be easy to get our allies to join us in caring about the needs of the Cuban people. But many of us throughout the Congress believe we can condition our assistance to allies such as Russia, friends such as Russia, on their showing care and concern with regard to that situation.

I would like to associate myself as well with the words of Congressman Lantos with regard to how the administration, Mr. Secretary, handled the crisis faced by President Yeltsin. At the same time, I think it is very important that President Yeltsin understand that his commitment to stop oil shipments to Castro must be kept.

Russia needs hard currency, Mr. Secretary, yet for political reasons, it is still bartering oil for sugar. A number of us who are supportive of President Yeltsin, want to see him succeed and certainly want to see the U.S. relationship with Russia become evermore profound and important because of its importance to our long-time security as well as the safety of the world at large.

We feel our concerns cannot be underestimated. And that this issue, as the package is debated in the coming weeks with regard to the assistance to Russia, will become evermore important if concrete signs are not given to this previously made commitment by the Russians.

I would appreciate your comments on this issue, Mr. Secretary.

Secretary CHRISTOPHER. This is a subject I have raised with the Russians. They tell me the massive economic subsidies of the past are no longer continuing. They assure me that anything that is furnished to Cuba is done at world market prices and they are not subsidized in the way that they were in the past.

In addition, I think it is important to realize that the last brigade has been withdrawn and it is on its way home. So that particular problem has been alleviated.

I will not say the situation is ideal, but I would say there has been a dramatic change in the relationship. The ideological components have vanished compared to the way it was before. Russia has moved to a new relationship with Cuba with the absence of subsidies of the past.

And so I think we can talk to the Russians as needing to treat Cuba no longer as the subsidiary state that it was in the past and make sure it makes all its purchases on the world market basis.

Mr. DIAZ-BALART. I commend you for keeping the movement and with regard to the specific provision of oil to Castro on what I consider is a political reason, because they need the hard currency. They don't need the sugar. What they need is the dollars and I hope this issue will be further pressed. Thank you.

Mr. LANTOS [presiding]. Mr. Wynn.

THE SITUATION IN HAITI

Mr. WYNN. Mr. Secretary, I assure you, you have a fan club here on the Foreign Affairs Committee. I am also impressed and appreciative of the work that you and the administration have done in this difficult and complex area. My compliments.

I want to ask a question about the situation in Haiti. You commented about returning to the committee to talk about an aid package. I do not have a clear picture of either the United States' policy or the progress of the negotiations with respect to returning President Aristide to Haiti.

I would like to ask a two-part question. First, would you comment and expand on how you view the negotiations in Haiti? And secondly, would you describe the nature of the aid package that is being considered for Haiti?

Secretary CHRISTOPHER. With respect to what our goals are in Haiti, our goals are the restoration of democracy and a return of President Aristide in a timely fashion. We are working, I think, hard in that direction and making very considerable progress.

President Aristide, with whom we are in almost daily or at least weekly consultation, I think understands that we are working to try to restore democracy and achieve his return. That requires making arrangements with the de facto military government and the police on Haiti.

Those negotiations are making good progress. They have not reached a final conclusion, but they have come to the point that we have talked to the United Nations about the need to have a resolution to provide some sort of transitional law enforcement to take care of the moment of transition.

Generally speaking, I think this process is coming along very well. With respect to the immigration issues which are related but somewhat different, I think it has been the President's policy to try to improve the processing of procedures within Haiti so that people who want to seek asylum in the United States are able to do so not only in Port-au-Prince, but in other parts of the country.

We are spending scarce dollars on that. The last time, I recall we budgeted an additional \$5 million for that kind of processing in Haiti. So this is an area where I think we are making good progress for the restoration of democracy and the return of President Aristide.

There continues to be a climate of fear on Haiti in all sides. That has to be dealt with very carefully and to try to find some confidence-building measures that will enable us to take the next steps to the restoration of democracy.

The aid package what we are trying to develop is a multilateral aid package that will permit a restoration of business and industry in that country and also to accomplish some public works projects that will help to restore the infrastructure of the country. It has been just devastated by a series of evil leaders, people who as leaders took advantage of the people rather than serving them.

I think the aid package will be designed to try to overcome the decades of abuse that has been suffered within the country, to provide jobs if we can for people within the country. There is so much to do there.

I will furnish you more details about the specifics of the aid package, but from what I know of it, it will be a multilateral package which will be very substantial in size over the years and it will enable Haiti to get on a course for reconstruction.

Mr. WYNN. Mr. Chairman, do I have any remaining time? I wanted to ask a followup question.

Mr. LANTOS. Very fast, because several others also are waiting in line.

Mr. WYNN. Thank you. President Aristide told me and other members of the Black Caucus that the United States is going to set a date certain to send a clear signal to the leaders that we will not tolerate this continued stalemate. Do you support the notion of setting a date certain or at least advancing a specific timetable?

Secretary CHRISTOPHER. First, let me say, just to make sure that we are on the same wavelength here, that this is a matter that is being pursued by the United Nations and the OAS. It is very important for the United States to work multilaterally on this problem because the United States bears certain handicaps in Latin America.

As I say, it is essential that we work through the United Nations and the OAS. It would be up to them to set any deadline or fix any date. But we are working very closely with Mr. Caputo, who is the representative of both the United Nations and the OAS.

We have a special representative, Larry Pezzullo, a distinguished Ambassador, who is working full time on this. They are trying to develop a timetable. That would have to be an OAS-U.N. timetable, not ours. Let me assure you, we are trying to accelerate it.

Mr. LANTOS. The gentlewoman from Maine, Ms. Snowe.

RUSSIANS REMAINED FOCUSED ON APPROVAL OF VANCE-OWEN

Ms. SNOWE. Thank you. Questions concerning Bosnia.

In your meetings with President Yeltsin in Moscow, did you ever anticipate that this might be a position of Russia in making this proposal and this draft resolution? Wasn't it always the presumption that the Vance-Owen plan would be ratified from their standpoint and the standpoint of the European allies?

Secretary CHRISTOPHER. When I talked to President Yeltsin, he wanted to focus on the Vance-Owen agreement, hoping or assuming it might be ratified. I told him I really wanted to discuss both tracks; that is, if it was ratified, being the first track and if not, that was the second track.

He focused on the first track and said we would need a tough position if it was not ratified. Frankly, I am quite surprised by the position taken by the Foreign Minister Kozyrev trying to do a progressive implementation of the Vance-Owen after it was turned down overwhelmingly by the Bosnian Serbs. That could mean enforcing the plan over the will of the parties.

The President has said, and I said repeatedly, that we would not try to impose a settlement because that mires us down in the quagmire of Bosnia. I am surprised Mr. Kozyrev has advanced that suggestion. I look forward to discussing that with him on Thursday. I said before, I thought it was premature to have a Security Council meeting because it would be on an issue on which I felt we could not come into consensus.

Ms. SNOWE. You did not anticipate this resolution being proposed by Russia?

Secretary CHRISTOPHER. No, I did not.

Ms. SNOWE. To understand our objections, is it because we don't think the plan will work or is it because it would require the commitment of ground troops in some fashion in advance of the support of the Vance-Owen plan by all parties?

Secretary CHRISTOPHER. I think it is a little bit of both, frankly. If you are trying to have a peace plan and one of the three parties—arguably the strongest of the three parties—is in strong, explicit disagreement with it, then you are in an enforcement situation. The only way to enforce it against the Bosnian Serbs would be with troops on the grounds.

You cannot enforce something as complex as the Vance-Owen plan with air power. The United States is not prepared to use its military forces to try to compel the parties to agree to a plan. It will be difficult enough to carryout a plan if the parties are in agreement.

APPROACH TO EUROPEAN ALLIES ON BOSNIA POLICY

Ms. SNOWE. What is going to be your approach with the foreign ministers, those that you can meet with prior to a Security Council meeting? Are you going to take a different approach to the one that you have taken in previous meetings to try to advance President Clinton's proposal with the air strikes or arms embargo, or will you try a different approach? And what do you hope to accomplish given they have been against the approach?

Secretary CHRISTOPHER. Sometimes people are persuaded to do things the second time they were not willing to do the first time, especially since the referendum has been turned down by the Bosnian Serbs. I will be listening, too.

The French have a proposal for safe zones enforced by the use of force in Bosnia. I have many questions about that, but I wanted to hear them out to see if any of those proposals are workable. As I say, I have had some serious reservations, but nonetheless, I think we ought to talk about them.

We also want to talk about possibly monitoring the border between Bosnia and Serbia. I think we must address new ways to try to find a solution to this problem, to see if there are some new techniques or new ideas that would be useful here that stem from our better understanding of the attitude of the parties and perhaps taking advantage of the frustration of Milosevic with the attitude of the Bosnian Serbs.

Ms. SNOWE. Do you think they will defer the meeting of the Security Council on Friday? Will we be absent and they will proceed with the plan they might approve?

Secretary CHRISTOPHER. The *New York Times* story this morning that perhaps you saw was out of sync. It was not up to date. Yesterday afternoon—

Mr. LANTOS. That is not the first time.

Secretary CHRISTOPHER. I am not being critical. It is hard to stay up with all the developments. But yesterday afternoon, Mr. Kozyrev agreed with me that the session should be postponed and it has been postponed. I would not expect it to go forward.

I don't think there is any great rift either between the Russians and me or between the allies and the United States. This is a very difficult problem that people may see in a different way. I would like to take advantage of the best thinking from the European side because in many, many respects, it is their problem.

Ms. SNOWE. Thank you very much, Mr. Secretary.

Mr. LANTOS. The gentleman from New York, Mr. Ackerman.

SUPPORT FOR FOREIGN ASSISTANCE

Mr. ACKERMAN. Good morning, Mr. Secretary.

Secretary CHRISTOPHER. Good morning.

Mr. ACKERMAN. Let me as well echo the sentiments of our colleagues about the job that you and the President are doing in the international area and the goodwill that you are spreading and the important messages that you are sharing all over the globe.

One of our colleagues raised the question about why spend money on foreign aid when our senior citizens are suffering. You should know the majority of us appreciate your position and your

support. The alternative would be, with the lack of foreign aid, a decrease in international security and should that happen, the cost to our senior citizens and others would be much higher than anybody would like to pay.

THE MORAL CASE FOR INVOLVEMENT IN

I have a couple of questions. First, on Bosnia, I am one of those who are very, very concerned with the lack of moving forward in a much more meaningful and definitive way. It seems to some of us that ethnic cleansing is just a sanitized word for genocide.

It seems to me that we really have no great overwhelming national interest in resolving the conflict there unless it is an issue that we consider a moral issue. Indeed, to many of us, it certainly is. That gives us some concern as to the policy of just waiting it out for support from some of our European allies and perhaps some others. If indeed morality is involved, why is it that we need moral support?

It seems to me, if one acts out of a sense of morality, then one's judgment should prevail. Certainly we don't need the military support from our European allies to accomplish anything that we might be able to accomplish without them.

You stated we will not act unilaterally and we will not send ground forces. You left the door wide open for the use of air support. Would we use air support ourselves or would we use air support only with the cooperation of our European allies? And why would we use air forces? Would it be to stop the genocide, to enforce a cease-fire or would the lifting of the arms embargo, would we use that to force and enforce the availability of delivering arms to the Muslims?

CHINESE MISSILE SALES TO PAKISTAN

The second question was raised in the news over the past few days on China's sale of M-11's to Pakistan. There is speculation as to whether or not the administration believes they are doing that. The question is basically, are they or are they not?

CAMBODIAN ELECTIONS

The third question briefly is on free and fair elections on Cambodia. With the chances of elections being free and fair about nil, and with the vigilance on the part of the Khmer Rouge and the Cambodian Government, what do you believe the U.N. role should be during the post-election period and how will we pay for our American portion of whatever assessment there will be?

ATROCITIES BY ALL SIDES IN BOSNIA

Secretary CHRISTOPHER. Mr. Ackerman you have given me a lot to answer in the few moments that I have here. First, with respect to the moral case that you make, one of the just absolutely bewildering parts of this problem is that the moral case is devastating and it is clear that there are atrocities, but there are atrocities on all sides.

As I said in my statement, perhaps the most serious recent fighting has been between the Croats and Muslims around the city of

Mostar. We have been filing reports with the United Nations for some time, this is the seventh or eighth report of that kind. If you look at these, you will see indications of atrocities by all three of the parties against each other.

The level of hatred is just incredible. It is somewhat different than the holocaust. It is easy to analogize this with the Holocaust, but I never heard about genocide against the Germans by the Jews. But here you have problems on all sides which makes this difficult to deal with.

The respect in which the President has recommended possible standby use of air power is in connection with the lifting of the arms embargo. We think there is a strong moral case for the lifting of the embargo because it works to help the Bosnian Government. It would be used to compensate during the transition period when the Bosnians are getting some arms to level the playing field.

With respect to the M-11 in China—

Mr. ACKERMAN. With respect to the M-11s, did we do that alone?

Secretary CHRISTOPHER. The exercise of that option would only be through NATO. We would have to have allied support for lifting the embargo. That option would involve the use of NATO forces to compensate during the transition period.

With respect to the M-11's, the rumors of that, the possibilities of that are a matter of great concern. We have asked the Chinese for information on that. We follow the intelligence very carefully and we take it very seriously.

ELECTIONS IN CAMBODIA

Third, on Cambodia, I met with the Thai Ambassador yesterday. He had been in Cambodia in the last few days. He feels the election can go ahead, but will be obstructed in parts of the country. Our position is that it is important for the election to go ahead. All parties should do all they can to minimize the disruptions. It will, I hope, give that country an opportunity to organize a government that can bring some stability and some future reconstruction there.

With respect to how they will pay for it, it is part of the U.N. peacekeeping expenditures that we are asking this committee and the Congress to help fund.

Mr. LANTOS [presiding]. Mr. Secretary, we have eight more colleagues who would like to ask questions. Please tell us what your pleasure is.

Secretary CHRISTOPHER. I am embarrassed by the situation, Mr. Chairman. I will come back. I am due at the White House by 12:15. So I am in some difficulty. If there was some way I could accommodate the committee, I would stay.

Mr. LANTOS. Can we have one quick question apiece?

Secretary CHRISTOPHER. Why don't we try one quick question apiece.

Mr. LANTOS. The gentlelady from Florida.

NUCLEAR POWER PLANT IN SAN FUEGOS, CUBA

Ms. ROS-LEHTINEN. Thank you for doing a superb job in a difficult post. My question is, foremost, about Cuba.

Have you had an opportunity to talk to Russia or any of the Soviet Republics about the nuclear power plant at San Fuegos, Cuba?

You are aware that the nuclear power plant could pose a severe environmental risk for the whole hemisphere. Right now the Russians have pulled out merely because of economic reasons. If their economy builds up, we think they will, once again, send technicians to San Fuegos to build it up.

Have you had an opportunity to speak to them about the future plans that the Russians and others have regarding the buildup in the nuclear plant in San Fuegos?

Secretary CHRISTOPHER. I raised that question, and they talked about it in the past tense. I don't know that they have any intention of resuming construction of that.

Ms. ROS-LEHTINEN. I will send you my questions regarding aid to Nicaragua. And thank you for your prompt response always to our concerns.

BOSNIA POLICY

Mr. McCLOSKEY. I had a fairly extended question about Bosnia. But, maybe, given your time and respect for time and efforts, I will condense it in a short statement and ask a question.

I am very pleased and gratified with the assertive statement as to what the policy should be, Mr. Secretary. Obviously, with many others, I am very concerned about execution.

I would throw along the idea that I am fearful of remarks that you made positing moral equivalency as you already raised to the Serbs, Croats and particularly the Muslims. In all of this I would rather refer to them as the Bosnians. I would advise being very careful about this.

You, yourself, and even more eloquently Mr. Clinton, have, in the past, made very good statements as to what is at stake here: I know that my request is still pending right now as to whether the Serb aggression—and they are the overwhelming perpetrators of evil in all of this, much more so than anyone else on the scene—whether Serb aggression does constitute genocide under the outlines of the U.N. Convention.

That being said, I don't see how this thing moves off the diplomatic dime. We have a clear and forceful statement from President Clinton. Will he try to use, or will you advise him to use, the bully pulpit soon to rally the American people and rally the Congress and to rally the West as to what really is at stake as hundreds of people continue to die every day and so far nothing stops, nothing deters ongoing Bosnian Serb aggression?

Secretary CHRISTOPHER. Mr. McCloskey, thank you for the question and giving me the opportunity to say that I share your feeling that the principal fault lies with the Bosnian Serbs. And I have said that several times before. They are the most at fault of the three parties.

But there is considerable fault on all three sides, and atrocities abound in this area as we have seen in the last several days and weeks. But I agree that the aggression coming from Serbia is the principal perpetrator of the problem in the area.

With respect to genocide, the definition of genocide is a fairly technical definition. Let me just get it for you. I think I can get it in a moment.

Under the 1948 Convention, in order to commit the crime of genocide, one must commit one or more specific acts with the intent to destroy all or part of a national, racial, or religious group as such.

I would say that some of the acts that have been committed by various parties in Bosnia, principally by the Serbians, could constitute genocide under the 1948 Convention if their purpose was to destroy the religious or ethnic group in whole or in part.

And that seems to me to be a standard that may well have been reached in some of the aspects of Bosnia. Certainly some of the conduct there is tantamount to genocide.

Mr. McCLOSKEY. And the hopes for a more comprehensive public assertion of leadership, sir?

Secretary CHRISTOPHER. Well, the President is very seized by this problem. And, you know, when the time comes for him to want to enlist the American people, especially in the commitment of military forces, if that ever becomes necessary, I am certain that he will undertake to explain it fully to the American people. He must do so. He must also consult with Congress extensively.

Mr. ACKERMAN [presiding]. I want to remind everyone that the Secretary has very, very limited time. Be very, very brief.

And if you could get back to us as to whether there is a treaty definition of "ethnic cleansing."

[The following response was subsequently submitted for the record:]

No, none that we are aware of.

Mr. Goodling.

LEGISLATION TO CONDITION SECURITY ASSISTANCE

Mr. GOODLING. Mr. Secretary, I will put all of my questions into one. I will anticipate your response and refer to what I think your response will be and then ask you just to put in writing your response so that I don't take any more of your time.

In your opening statement and during our conversation here, you talked about the major goals of the administration—advancement of democratic ideals, elevating economic growth, upgrade security, promote democracy, human rights, and open markets.

I have been sitting here 19 years, and those were, basically, the goals of every administration during those 19 years. I want to help you reach those goals. Sometimes I think we don't reach them because we are taken for granted. Sometimes I think our so-called friends and allies believe we will always be here, right around the corner, no matter what they do or how little they support us; in turn, we will always be there and we will help. I think we should think of our security, and they should be thinking about our security.

So what I did is introduce legislation that would prohibit security assistance to nations that do not support the U.S. position in the General Assembly at least 25 percent of the time. I use that because those figures are available from your annual report to Congress. Because, it seems to me, if they can't come up with 25 percent of the time, then their philosophy must be so different than ours that they could never reach these goals that you and every ad-

ministration talks about. And I only prohibit the military support—I don't restrict humanitarian efforts and economic efforts—and make exception for changes in regimes during the year.

I say that those votes are important—I would assume they are important—in the United Nations because we foot 25 percent of the bill. So they must be important.

In the State Department report, you say that a country's behavior at the U.N. is also relevant to the relationship to the United States. So I will merely ask you to put in writing what you think of this magnificent piece of legislation that I want to give you so that you can reach all those goals that you talk about.

[The information, subsequently submitted for the record, appears in appendix 4.]

Mr. ACKERMAN. Mr. Menendez.

Mr. MENENDEZ. Mr. Secretary, with respect to your time and with respect to my question as well, I am going to send it to you; and I hope that in consideration of that, you will give me a substantive answer.

Secretary CHRISTOPHER. You are very nice, Mr. Menendez. Thank you very much. I will try to be equally responsive.

Mr. ACKERMAN. I am told that the Secretary really has to go.

Mr. Royce.

UNILATERAL LIFTING OF ARMS EMBARGO IN BOSNIA

Mr. ROYCE. Yes. Quickly.

Mr. Secretary, I was also concerned with, basically, the moral equivalence argument and the analogy that this was not comparison to what was happening in Bosnia to what happened to the Jewish population during World War II.

But the point in fact is the Jewish population did try to fight back in the Warsaw ghetto. So that does not take away the argument that it was genocide. When the Serbian forces in Bosnia seem to be the recipients of the entire arsenal of the entire Government of Yugoslavia and when the Bosnians fight back with small arms fire, it is clear that the U.N. embargo has got us into a position where we cannot allow the army of the Bosnians to defend themselves.

And my question is: Could the United States go forward in some way and unilaterally lift, at least for the United States, our arms embargo on the Serbians in order to allow them to defend themselves, since it seems now that we do not have a policy—another policy that would allow for the Bosnian defense?

Thank you, Mr. Secretary.

Secretary CHRISTOPHER. No, Mr. Royce, we could not without violating a U.N. resolution and ourselves being subject to sanctions.

The resolution is clear, and we would have to get a modification of it in order to provide arms to the Bosnian Government.

Mr. ROYCE. Thank you.

Mr. ACKERMAN. With all due respect to our remaining colleagues, the Secretary has less than 5 minutes to get to the White House. And I am advised that we have to absolutely cut it at this point, regrettably. The Secretary has indicated that he will be glad to come back and if anybody has questions, ask them in writing.

Secretary CHRISTOPHER. I apologize to those Members. I regret not being able to stay.

Mr. ACKERMAN. Thank you Mr. Secretary.

We are adjourned.

[Whereupon, at 12:11 p.m., the committee was adjourned.]

MARKUP OF PRESIDENT'S FISCAL YEAR 1994 FOREIGN ASSISTANCE REQUEST

TUESDAY, JUNE 8, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 2:25 p.m. in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the committee) presiding.

Chairman HAMILTON. The House Foreign Affairs Committee will resume its sitting. We take up Division B, the second part of the bill, the part relating to foreign assistance.¹

Mr. GILMAN. Mr. Chairman, I had reserved the opportunity to comment on a foreign assistance portion of the bill we are considering today. Like you, I strongly believe our foreign assistance program is in dire need of reform and I wish we could be considering a much-needed reform package today, but unfortunately that is not possible.

Instead, we are considering a 1-year foreign assistance authorization bill that we all recognize as a transitional bill. That is why I was heartened by your comments during our recent meeting. I know that you plan to move quickly in an orderly process to consider reform legislation later this summer just as soon as the administration forwards to us its recommendations.

I know our minority Members in the committee and throughout the Congress are anxious to join in developing bipartisan reform language. I am pleased that we have included a reform title in the bill to both insure our colleagues of our commitment and to put the administration on notice that the clock is ticking for action and that we do not expect to do business again on foreign assistance next year without meaningful reform.

Thank you, Mr. Chairman.

Chairman HAMILTON. Thank the gentleman for his comments. I appreciate his leadership on reform, the aid program and have enjoyed working with him and like him. I want to push the reform as quickly as we can, and I know you and I will be able to work together on that as soon as we get the reform proposals from the administration.

SMITH AMENDMENT ON CHILD SURVIVAL

Mr. Smith is recognized for an amendment.

¹The markup document, Committee Print—Part 2, Division B—Foreign Assistance and Related Programs, appears in appendix 5.

Mr. SMITH. I had an amendment on the desk on child survival. Chairman HAMILTON. The Clerk will report the amendment. This is the child survival amendment, section 1201.

Mr. SMITH. Yes, it is, Mr. Chairman.

Mr. VAN DUSEN. Amendment offered by Mr. Smith of New Jersey. "At the appropriate place, insert the following, section, child survival activities, Vitamin A Deficiency Program."

Mr. SMITH. Mr. Chairman, I ask unanimous consent that the amendment be considered as read.

Chairman HAMILTON. Without objection, so ordered. The gentleman is recognized in support of his amendment.

Mr. SMITH. This amendment recreates a target funding level for child survival, including the development fund for Africa of at least \$275 million and a target funding for Vitamin A deficiency, iodine and other micronutrients of at least \$25 million.

These levels reflect last year's level for all accounts of child survival activities and is also consistent with the recommendations of the Foreign Operations Subcommittee which has already met and will meet again on Thursday.

Of course, we would like to see higher levels for those low cost, readily available technologies, such as immunization and all rehydration therapies, maternal and child health initiatives. Considering the realities, however, of scarce funds, I think this is at least a good step forward in terms of making sure that this money is used for these kinds of activities.

Vitamin A is a strong complement, Mr. Chairman, to traditional child survival initiatives, most known for its disease fighting capability for certain eye diseases which often cause blindness. And studies have indicated that Vitamin A supplements reduces the mortality rate among children by as much as 30 percent.

For children under 5, Vitamin A deficiency is the leading cause of blindness, resulting in hundreds and thousands of case of blindness each year. It is the ultimate magic bullet, that is to say Vitamin A, because of its anti-infective qualities.

I hope Members would support this amendment and I yield back the balance of my time.

[The amendment offered by Mr. Smith follows:]

AMENDMENT OFFERED BY MR. SMITH OF NEW JERSEY

At an appropriate place, insert the following:

SEC. —. CHILD SURVIVAL ACTIVITIES, VITAMIN A DEFICIENCY PROGRAM, AND RELATED ACTIVITIES.

(a) CHILD SURVIVAL ACTIVITIES.—Of the funds made available for fiscal year 1994 to carry out Part I of the Foreign Assistance Act of 1961, the Congress expects that not less than \$275,000,000 will be used for child survival activities.

(b) VITAMIN A DEFICIENCY PROGRAM AND RELATED ACTIVITIES.—Of the funds made available for fiscal year 1994 to carry out sections 103 through 106 of the Foreign Assistance Act of 1961, the Congress expects that not less than \$25,000,000 will be made available for the Vitamin A Deficiency Program and activities relating to iodine deficiency and other micro-nutrients.

Chairman HAMILTON. Is there further discussion of the amendment?

Mr. GILMAN. Mr. Chairman, I just want to commend the gentleman for New Jersey for this worthy amendment. Child survival sets important priorities that pushes toward the World Summit for

Children goals in the year 2000, and reducing child deaths by at least one-third and reducing maternal mortality and child malnutrition by half is certainly important goals. I urge my colleagues to support the gentleman's amendment.

Mr. BEREUTER. Will the gentleman yield?

Mr. GILMAN. I would be pleased to yield to the gentleman.

Mr. BEREUTER. I would like to join the gentleman in endorsing this amendment. The gentleman from New Jersey has been active on this subject for a long time, and there are thousands of children alive in the world that would not be alive without his endeavors in the past.

This was another important chapter in his success story and I ask my colleagues to support the amendment.

Chairman HAMILTON. The question is on the amendment. All in favor say aye; opposed, no. The ayes have it; the amendment is agreed to.

BURTON AMENDMENT ON INDIA

Mr. Burton, are you ready to proceed on your amendment? I think Mr. Ackerman, the subcommittee chairman is available. The Clerk will report the Burton amendment on India.

Mr. VAN DUSEN. Amendment offered by Mr. Burton. "At an appropriate place, add the following, section, reduction in development assistance to India unless certain special or preventive detention laws are repealed."

Chairman HAMILTON. Without objection, the amendment is considered as read, printed in the record, and the gentleman from Indiana is recognized for 5 minutes in support of his amendment.

Mr. BURTON. Thank you, Mr. Chairman. Mr. Chairman, an amendment very similar to this passed the House of Representatives last year by a vote of 219 to 200, and you would have thought with that type of an expression of the will of the House, that there would have been a strong signal sent to India to change its policies.

Our amendment would have cutoff, I think, \$26 million in developmental assistance to let the Indian Government know that the United States is very, very concerned about human rights throughout India, but in particular, in the Punjab and in Kashmir.

There is also human rights atrocities taking place elsewhere in India in Nagaland and some of the other parts of the country. There is a genocide in my opinion that is taking place in India, and if we believe in human rights as we say we do, and we believe in the rule of law as we say we do, then it seems to me that we as a Congress has to show very clearly excuse me just one second.

It seems to me that if we really care, then we should send a very strong signal to those people around the world, those country leaders around the world who are violating human rights in opposition to what we in the United States believe is the right thing to do.

Now, in the past year, we have seen a new wave of human rights atrocities taking place in Kashmir, Punjab and elsewhere in India. I would like to tell you of a couple of those new human rights violations that have occurred that the world is going to abhor.

A young man, young Kashmir was picked up by Indian troops off of a street. He was chloroformed and taken to a hospital where his kidney was removed and when he woke up, he found a scar on his

abdomen and he didn't know what it was. He was on a road. They dumped him off on a road and he found out later upon examination that they had removed one of his kidneys.

This is not an isolated case. Hundreds of people have had their organs removed like this and they have been sold on the black market to other Indian patients in need of organ transplants. This is a gross violation of human rights that is taking place today in Kashmir and I believe in the Punjab as well, and maybe in other parts of the country.

This month I met with a man named Dr. William Baker who spent 2 months in Kashmir. He told me of a 27 year old man who was thrown to the pavement by Indian soldiers, his clothes removed, they poured gunpowder on him and set him on fire. A 10-year-old girl shot through the face by Indian forces even though she put her hands up as ordered. Her 6-year-old brother and neighbor were also shot by the Indian forces.

We had numerous reports, numerous reports of gang rapes by Indian troops in Muslim communities in the Kashmir area and they have even gone so far as to gang rape women while their children were in the room. One woman was about 8½ months pregnant at the time of the rape. She was then kicked in the stomach and a few days later, as I reported previously, gave birth to a child with a broken arm.

Now, we believe these kinds of atrocities should stop. Amnesty International has reported on these atrocities in the past and they have said that these are valid accusations. They have double-checked them, but they will not let Amnesty International or other human rights groups into Punjab or Kashmir. They will not let the International Red Cross into Punjab or Kashmir or television stations or political people from other parts of the world because they don't want the people of the world to see what is going on.

We know what is going on in Bosnia, we know what is going on in Somalia. We are now learning what is going on in the Sudan and other horrible parts of the world at the hands of repressive governments but we can't find out what is going on in Punjab and Kashmir because the Indian Government keeps a veil of secrecy hung around those areas of the country, as well as Nagaland.

Now, what my bill does or my amendment does is it brings our foreign aid into line with our beliefs and values. There are five laws that the Indian Government has in effect that fly in the face of everything in which we believe. The Terrorist and Disruptive Activities Act, the National Security Act, the Punjab and Kashmir Public Safety Act, the Armed Forces Punjab Special Force Power Act, and the Armed Forces Kashmir Special Powers Act, and these acts that they have passed allow the government to come into people's homes, take them out in the middle of the night, throw them in jail, torture them, and the people are never heard from again or they aren't heard from for a couple of years without any judicial proceedings.

Now, I want to make just a couple of more comments and then I will yield the floor, Mr. Chairman. Just to tell you how the governor of Kashmir feels about this, here is a quote from him that was reported in the *Washington Post* just a couple of days ago. It

said, regarding his human rights violations, he said, "I genuinely feel bad if torture leads to death." That is really big of him.

He genuinely feels bad if the torture he inflicts on people in Kashmir leads to death. And in the Delhi based Hindustan Times we found out that two people from Punjab, a husband and a wife who had left the Punjab, were found on the road and shot and killed by 15 people in police uniforms and the Delhi-based Hindustan Times said the men responsible for the killings were part of a special hit squad created within the Punjab police department that has been assigned specific targets and no other duties.

Now, these are the kinds of things that are going on today at the hands of the police and the military, 1 million strong, military rule of law in the Punjab and Kashmir, and if we really believe in what we say and we really believe in human rights, we really believe in the rule of law, then we should do as we did last year and send a very, very strong signal to the Indian Government that we won't tolerate that.

We are certainly not going to send financial assistance, developmental assistance to India as long as these kinds of atrocities take place, and so I would urge my colleagues to take a good look at this amendment. 219 of us strong voted last year to pass it. I hope we do the same thing again this year and send it to the Senate and send a very, very strong message to the Indian Government.

[The amendment offered by Mr. Burton follows:]

AMENDMENT OFFERED BY MR. BURTON

At an appropriate place, add the following:

1

2 **SEC. . REDUCTION IN DEVELOPMENT ASSISTANCE TO**
3 **INDIA UNLESS CERTAIN SPECIAL OR PRE-**
4 **VENTIVE DETENTION LAWS REPEALED.**

5 (a) FINDINGS.—The Congress finds that—

6 (1) each year, in both Jammu and Kashmir and
7 the Punjab, the Government of India detains thou-
8 sands of persons under special or preventive deten-
9 tion laws without informing them of the charges
10 against them;

11 (2) most of these detainees are political pris-
12 oners, including prisoners of conscience;

13 (3) they are often detained for several months
14 and sometimes even more than a year;

15 (4) detainees are not permitted any contact
16 with lawyers or family members unless they are re-
17 manded to judicial custody and transferred to pris-
18 on, and only then if the family on its own is able
19 to locate the detainee; .

20 (5) in most cases, these persons are detained
21 under the Terrorist and Disruptive Activities (Pre-
22 vention) Act of 1987, the National Security Act of

1 1980, and the Jammu and Kashmir Public Safety
2 Act of 1978;

3 (6) the Terrorist and Disruptive Activities (Pre-
4 vention) Act of 1987 authorizes administrative de-
5 tention without formal charge or trial for up to 1
6 year for investigation of suspected "terrorist" or
7 broadly defined "disruptive" activities;

8 (7) the 1-year period of permissible detention
9 before trial violates Article 9 of the International
10 Covenant on Civil and Political Rights, to which
11 India is a party;

12 (8) Article 9 of such International Covenant
13 provides, "Anyone arrested or detained on a criminal
14 charge shall be brought promptly before a judge or
15 other officer authorized by law to exercise judicial
16 power and shall be entitled to trial within a reason-
17 able time or to release.";

18 (9) under the Terrorist and Disruptive Activi-
19 ties (Prevention) Act of 1987, all proceedings before
20 a designate court must be conducted in secret "at
21 any place other than...[the court's]...ordinary place
22 of sitting";

23 (10) section 16(2) of such Act permits the des-
24 ignated court to keep the "identity and address of
25 any witness secret";

1 (11) under such Act, a confession to a senior
2 police officer can be admitted as evidence if there is
3 reason to believe it was made voluntarily;

4 (12) such Act amends India's criminal code,
5 which prohibits such confessions, and substantially
6 increases the risk of torture;

7 (13) such Act reverses the presumption of inno-
8 cence, placing the burden on the accused to prove
9 that he or she is not guilty;

10 (14) the National Security Act of 1980 permits
11 the detention of persons without charge or trial for
12 up to 1 year in order to prevent them from acting
13 in a manner prejudicial to the security of the state,
14 the maintenance of public order, the maintenance of
15 supplies and services essential to the community, or
16 relations with a foreign power;

17 (15) such Act was amended to permit 2 years
18 detention in the Punjab;

19 (16) under such Act, India may detain any per-
20 son engaged in behavior "prejudicial to the defense
21 of India, the relations of India with foreign powers,
22 or the security of India";

23 (17) the Jammu and Kashmir Public Safety
24 Act of 1978 empowers India to detain persons with-
25 out trial for up to 1 year for a broad range of activi-

ties, including "promoting, propagating, or attempting to create, feelings of enmity or hatred or disharmony on grounds of religion, race, community, or region";

(18) the Armed Forces (Punjab and Chandigarh) Special Powers Act of 1983 and the Armed Forces (Jammu and Kashmir) Special Powers Act of 1990 empower Indian security forces to search homes without warrant, to make arrests without warrant, to destroy the "hideouts" of suspected terrorists, and to shoot to kill with immunity from prosecution;

(19) Indian security forces routinely employ methods of torture, beatings, and threats to induce detainees to sign statements of confession and to identify suspected militants;

(20) the Terrorist and Disruptive Activities (Prevention) Act of 1987, the National Security Act of 1980, the Jammu and Kashmir Public Safety Act of 1978, the Armed Forces (Punjab and Chandigarh) Special Powers Act of 1983, and the Armed Forces (Jammu and Kashmir) Special Powers Act of 1990 facilitate human rights abuses by suspending ordinary safeguards against arbitrary arrest, incommunicado detention, and torture; and

1 (21) these 5 laws are incompatible with the
2 principles of a modern democracy.

3 (b) REDUCTION OF DEVELOPMENT ASSISTANCE.—

4 (1) REPORT.—Not later than 60 days after the
5 date of the enactment of this Act, the President
6 shall report to the Congress whether the Govern-
7 ment of India has repealed all of the laws specified
8 in paragraph (4).

9 (2) PROHIBITION ON ASSISTANCE.—If the
10 President reports to Congress, either pursuant to
11 paragraph (1) or at any other time, that the Govern-
12 ment of India has not repealed all of the laws speci-
13 fied in paragraph (4), the President may not provide
14 assistance for India under chapter 1 of part I of the
15 Foreign Assistance Act of 1961 (relating to develop-
16 ment assistance).

17 (3) RESUMPTION OF ASSISTANCE.—Assistance
18 terminated pursuant to paragraph (2) may be re-
19 sumed only if the President reports to Congress that
20 the Government of India has repealed all of the laws
21 specified in paragraph (4).

22 (4) SPECIAL AND PREVENTIVE DETENTION
23 LAWS.—The laws referred to in this paragraph are
24 the Terrorist and Disruptive Activities (Prevention)
25 Act of 1987, the National Security Act of 1980, the

- 1 Jammu and Kashmir Public Safety Act of 1978, the
- 2 Armed Forces (Punjab and Chandigarh) Special
- 3 Powers Act of 1983, and the Armed Forces (Jammu
- 4 and Kashmir) Special Powers Act of 1990.

Chairman HAMILTON. Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman. Let me say to my friend from Indiana and others, that I do believe that the intent of this amendment is well motivated. It reflects a concern for human rights, and it is indeed a concern that the overwhelming number of us share with you. Nevertheless, when we start establishing conditions and making demands, sometimes those tactics backfire, and if the ultimate goal is to try to be convincing of some fairly independent forces that they should be conforming to things that we think are good and important and indeed most of the world might feel are good and important, and we set those as goals, sometimes we don't reach those goals if we have an approach that doesn't work.

If we want to bellow and stamp our feet and bang our hands on the table, maybe sometimes that makes us feel good and I am sure often it does, but if it doesn't allow us to do the things that we want to do and accomplish the things that we would like to see accomplished, then it is rather counterproductive.

I believe that as well intentioned as this amendment is, it is utterly unwise. It balances only on one of the players. It targets the innocent by punishing the poorest segments of Indian society for actions that they cannot control.

It will seriously disrupt our bilateral relationship with a major power without in any way advancing our human rights concerns. To the contrary, it will only lessen our ability to make our voice heard in Delhi on all of the human rights issues.

Now, this is not and should not be a debate on whether or not there are human rights abuses in Kashmir. There certainly are. This is a debate about how we can most effectively do something about those abuses, and I don't even think that my good friend from Indiana really believes that his amendment will force the Government of India to have greater respect for human rights.

I might also ask the logic of cutting a development assisted program which is designed to help the poorest of the poor. Do the supporters of his amendment really believe that the homeless widow in Bombay or the unemployed we have in Calcutta or the impoverished fisherman along the Ganges really has the ability to control the actions of the security forces hundreds and sometimes thousands of miles away?

You may wish to penalize the government for the security forces in India. This does not do that. This, in fact, will punish only the people. No one thinks that this blunt instrument of blackmail as some see it is likely to force the Indians to bow to our demands. To the contrary, no Indian Government could stay in power for 24 hours if it were perceived to be bowing before any bullying that we might choose to do.

Now, keep in mind here that we are talking about very modest sums of assistance and this is development aid and nothing more. The administration plans to spend only \$41 million in this aid in India next year. Now, if you say there are about 800 million people in India and you are talking about \$40 million, it comes out to a half—well, it comes out to exactly 5 cents per Indian.

Now, you can't even get a 5-cent cigar from a wooden Indian, let alone convince a whole nation of Asian Indians to succumb to a

whole series of demands for a nickel a piece. It ain't going to happen. We wouldn't allow ourselves to be bought for a nickel a piece, even if it added up to \$41 million, and neither will India.

The administration opposes this amendment. Human rights groups have testified before our subcommittee this spring telling us very, very strongly that human rights groups oppose the linking of human rights and aid development. 25 percent of the venereal diseases in the world occur in India. This is money that is absolutely sorely needed and indeed no one who knows India believes that it is a useful approach or one calculated to advance a very real human rights concerns in India.

We face another very fundamental problem here and one that we may be facing more often all over the world. India is a democracy and has been so for a long time. They have elections, they have an independent judiciary. They have rules and regulations by which their laws are made, and we might not like some of their laws, but how do we walk into another democracy and dare to have the hubris to dictate to them as to what laws they should have democratically arrived at and which laws as under the Burton amendment they must repeal within 60 days, five different laws giving them a timetable to change their laws in 60 days otherwise we will deny them this.

They are going to take a walk. There is no other choice here, and we cannot afford for that to happen. We must continue to have a relationship with this very, very important power in order to affect in any way the kinds of changes that we would like to see occur.

I believe that well intentioned, the amendment will fail absolutely and be counterproductive to the aims and goals that the gentleman from Indiana who has offered this amendment and those of us who oppose it share, and I think we have to keep our eye on the ball.

Thank you, Mr. Chairman.

Chairman HAMILTON. Is there further discussion of the Burton amendment?

Mr. BURTON. Mr. Chairman.

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. I would just like to ask Mr. Ackerman a couple of questions, and I don't disagree with anything he has said, his approach to this, although I am not quite in sympathy with his conclusions.

This issue has been around here for a long time. Every year Mr. Burton brings up an amendment like this or similar to this, and we are told that this is not the way to leverage India into a more civilized human rights agenda, and I guess that is true. I agree.

No one likes to be told what to do or else you take a few dollars away. That is demeaning and I agree with all of that. But what progress is being made? The State Department opposes this, I understand that, but what progress is being made?

When the Amnesty International, when the International Red Cross or the Red Crescent or the White Crescent, these organizations that are recognized internationally as concerned not with political or religious advantage but with helping people's human rights, helping them survive, when they are not permitted into an area and then this goes on year after year after year, you begin to

wonder if we haven't surrendered to the status quo, and if I thought some progress was being made, then I would agree, I would say we oughtn't to do a thing, this would be a terrible mistake, but if no progress is made, what do we do to get some progress made? I guess that is my question.

I would yield to the gentleman.

Mr. ACKERMAN. I would be glad to respond and I am also pleased that you have brought these questions to the surface because they are important questions. Let me say first that progress is being made.

Progress is not taking place as quickly as you or I would like to see it, but nonetheless, they are moving in a direction that we think is positive, slow as it may be, and we can all point to atrocities that are committed on both sides, not just by the government, by others as well. The response is there.

Human rights groups are talking over there. They have a very active human rights community.

Mr. HYDE. Are we demanding that they get into the Punjab and into Kashmir?

Mr. ACKERMAN. As a matter of fact, I would call to the attention of not just yourself but every other Member of the committee the report language that we have included in the committee report does exactly, for the first time that I can recall, what the gentleman is suggesting. We make those demands.

I think never before have we seen language as this tough. We have consulted with many on the minority and the majority side who share some of these concerns and have accommodated wherever possible the language that would do that, and it is fairly—I won't cite it for you. You can check if you want somebody to indicate which pages, we can do that pretty quickly, but it is happening.

They are making progress. For the first time, the government is punishing segments within the security forces. They are publishing their names. They are revealing the lists of those that have participated in those kinds of things.

I can't tell you that it is all the names, but certainly this is something that we have never seen done before, and I think it indicates that slow as it might be, nonetheless, we are making progress in the direction that the gentleman would suggest and that I would certainly agree with.

Mr. HYDE. I thank the gentleman.

Chairman HAMILTON. Is there further discussion on the amendment?

Mr. HASTINGS. Mr. Chairman.

Chairman HAMILTON. Mr. Leach.

Mr. LEACH. Well, I will be brief. I think Mr. Burton has raised some legitimate concerns. Mr. Hyde has made some very troubling comments that we all understand.

Nevertheless, I would stand behind the subcommittee's position, and I would stress, as the subcommittee chairman noted, that the report language is very stern, in fact the sternest that I have noted in my time here. In fact, the Indian Embassy is very concerned about how strong it is.

On the other hand, if you ask what progress is being made, there is very, very modest progress. Asian Watch is allowed into Kashmir. Members of this committee staff have recently been to Kashmir. Amnesty International has not been allowed in, partly because of a subtle dispute over the issue of official versus unofficial visits.

In any regard, there is a modest amount of progress. In addition, it should be stressed that as the largest democracy in the world, one of the things that is improving is the strength of that democracy in many different ways.

Part of it is the movement toward free enterprise, which is the most profound and dramatic in many ways of any country outside the Eastern Bloc. Beyond that, as the democracy strengthens, it is becoming freer. There has been the development of an extraordinarily active human rights community in India.

More and more Indians are saying that their government needs better responses to the problems. More and more Indians are looking at their own heritage, particularly the Ghandi model, and more and more Indians are taking the lead. And Western criticism of India's human rights record is being perceived not as important as the human rights movement within India itself.

Then the question becomes: What do we do about it? I think we have every reason in the world to express concern, but what this amendment does, it cuts off voluntary family planning assistance, it cuts off AIDS prevention and control.

Is that a symbolic kind of move that gets at the heart of the problem? I personally have some doubts. My sense is that even though Mr. Burton is to be commended for playing a very watchful role, this amendment goes a little further than is needed at this time and I would urge support of the subcommittee position.

Chairman HAMILTON. The Chair wants to remind Members, we have 10 or 12 amendments to consider this afternoon. I urge Members to try to keep their comments to the point and brief.

I have three speakers on this amendment: Mr. Rohrabacher, Mr. Manzullo and Mr. Hastings.

Mr. Rohrabacher.

Mr. ROHRABACHER. I will be brief, Mr. Chairman. I support Mr. Burton's amendment. It just seems that every decision that we come down here today, it comes down to whether or not we are going to be serious or whether we are just going to put up words about human rights.

Are we going to be serious about human rights or are we just going to talk about human rights? And if we are going to be serious about it, we got to do something about it. This yak, yak, yak isn't going to impress anybody anymore and it doesn't impress dictators, doesn't impress tyrants, it doesn't impress somebody who is torturing another individual to just talk to them about it.

We have got to do more than say we are willing to do something. Mr. Burton's amendment suggests that we will do something unless the human rights situation is improved.

This democracy is violating the human rights of its people. The government, whether it is elected or not, has no right to torture, to commit unspeakable acts against its own citizens, and especially we have a right to dictate the terms of how we will give our money.

We are not dictating how they run their society. We are dictating the grounds on which we will actually provide the money that was earned by our own taxpayers, and what is the worst that can happen on this? The worst that can happen is India is not going to stay exactly the same in terms of their violation of human rights and they will take a walk and our taxpayers will be \$45 million better off.

So as far as I am concerned, all the arguments are certainly on the side of Mr. Burton's amendment and I would yield to Mr. Burton now.

Mr. BURTON. Thank you very much. I appreciate your comments.

First of all, Mr. Ackerman did put some language in the report language which is a step in the right direction, but it is not going to be very effective and it is certainly not going to get the notoriety that an amendment passed by the House would where we would cutoff \$41 million in developmental assistance.

He indicated that it was only a nickel per person in the country, and that that wasn't going to change much. Well, if it is only a nickel per person in the country, then why should we send it if it is not that important. It is important. It is important because it is a symbol.

Now, the Indian Government spends huge amounts of money on their military, and \$41 million in developmental assistance is not going to make a whit of difference if they choose to take part of that military expenditure and spend it for developmental assistance.

They don't need this money, but what it will do if we cut it off is it will send a very, very strong message. We can't win this war on human rights violations around the world by just paper resolutions. We have to do things that are substantive, something that has substance to it so the world knows that we mean business.

Now, Mr. Ackerman said, and I think Mr. Leach said that amnesty—not Amnesty International—one of the human rights groups was allowed into Kashmir. The only way anybody is allowed into Kashmir is if they go in where the security forces say they go and with the security forces so they can police what they are seeing and what the people say to them.

It is a police state right now. There are over 1 million Indian security forces in Punjab and Kashmir and they have got the clamp down tightly, very, very tight. They are going outside that area right now to assassinate people with hit squads if they think they are opposed to what is going on in that part of the world.

And lest you think things are getting better, at Baroda, there was a mosque 100 years old that was destroyed piece by piece by thousands and thousands of Hindu fundamentalists and the police simply stood by and watched, and anyone who tried to stop that was beaten up or killed on the spot.

These are the kinds of things that are going on over there right now that we can't tolerate as a nation. Human rights violations, gross human rights violations and we can send a very strong signal by cutting off this \$41 million in developmental assistance until they repeal laws that are an anathema to us as a nation, laws that allow people to be herded out of their houses in the middle of the night or shot in the streets and tortured, and I will bring to the

floor of the House when we debate this graphic pictures of what they do to these people.

They disembowel them, put hot coals on their bodies, set them on fire, do all kinds of horrible things, and there is no remorse and we need to send a strong signal and I will hopefully be able to show this on the floor of the House and let the world see for themselves what is going on and I hope my colleagues will be see fit to support this amendment.

Chairman HAMILTON. The gentleman's time has expired.

Mr. Manzullo.

Mr. MANZULLO. Thank you, Mr. Chairman. I share the concerns of my colleague from Indiana.

Mr. Chairman, I think the best way to ameliorate the problems of India is to see the effect of the aid on India, especially within the past year to 18 months. India has within the past 6 months a currency that has become fully convertible.

There is a window that has been opened commercially in India whereby major laws have been changed that allow substantial developments of overseas capital for the purpose of building up the infrastructure within India itself. That country is changing dramatically.

There are problems that exist. There are problems in many countries where we send foreign aid. Mr. Chairman, I would submit that as India takes these giant steps out of some pretty dark times and the window of opportunity is there and the sunshine is coming in, that we continue to work with India and that the time will come and it will be short, probably within a few years, when India probably will not even be requesting any more foreign aid because of their ability to stand on their own.

Chairman HAMILTON. Mr. Hastings.

Mr. HASTINGS. Thank you very much, Mr. Chairman. I wish to associate myself with the remarks of my distinguished colleague from New York, Mr. Ackerman, and to assert that I believe that it would be a serious constitutional mistake, in spite of the distinguished gentleman from California's remarks, Mr. Rohrabacher, that this is not dictating terms.

The language as offered in the amendment specifically says what must be done within a specified period of time in regards to the repeal of the laws, and I see it from a legal standpoint as being an anathema to the views of one democracy telling another democracy how to run its country.

I might add for the offerer of the amendment, I believe that there are significant other ways that we may very well be able to achieve the desired result, which I agree with.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Chairman, I reluctantly oppose the amendment offered by our good friend and colleague, the gentleman from Indiana, Mr. Burton. It is not that I disagree with them regarding India's gross violations of human rights.

Our own State Department has stated in its country reports, on human rights practices for 1992, the political killing by both militant and government forces continued at an alarming rate, particu-

larly in the states of Punjab, Jammu and Kashmir. My concern is that by singling out the Government of India for disapproval, without taking some sort of equally strong position against the militants and their supporters, this committee and the Congress will not be helping to solve the problem that we would like to resolve.

I would hope that the majority could work with the gentleman from Indiana so that this committee can set forth a balanced approach to this awesome problem. It gets worse and worse as time goes on. Accordingly, while I applaud my colleague for his concern and his intention, I reluctantly oppose the Burton amendment.

Chairman HAMILTON. Mr. Deutsch.

Mr. DEUTSCH. Thank you, Mr. Chairman. I would also urge the defeat of this amendment. I think we have to look at the fundamental reasons really on each of the aid requests and the aid recommendations that this committee is making to the Congress as a whole about the specific purpose of those recommendations.

There is no question, I think there is a clear consensus that there are problems that all of us would agree—that we would hope and wish and strive toward changing in India, but I think we need to put that in perspective of what, in fact, is the world's largest democracy in a country that we have seen improvements in a lot of areas.

I think that if the shoe was reversed and the Indian Government was looking at this country, I am sure they could point to many factors and policies and actions that exist in America today that they would be able to criticize, factors that all of us would probably also agree are problems within our own country, but based on the specific goals of the aid amount, I would urge the defeat of the amendment.

Chairman HAMILTON. The question is on the Burton amendment. All those in favor signify by saying aye. Those opposed, no. In the opinion of the Chair, the nos have it. The amendment is not agreed to.

LANGUAGE SUGGESTED BY MR. WYNN WITH REGARD TO MINORITY BUSINESS AND SMALL BUSINESS OUTREACH PROGRAMS

The Chair recognizes Mr. Wynn.

Mr. WYNN. Thank you very much, Mr. Chairman. Mr. Chairman, as you know, I had intended to introduce an amendment dealing with AID and specifically calling upon the President to submit to Congress within 60 days after enactment of the bill a comprehensive reform plan.

It was my thought that that plan ought to include specific language relating to minority business and small business outreach programs. In talking with my constituents, there seems to be a continuing problem in terms of lack of minority business participation in AID programs.

Based on conversations with staff and others, I believe we can accomplish that concern through report language and if it would be possible to have that done, I would be satisfied and withdraw the amendment.

Chairman HAMILTON. I appreciate very much your willingness to do that, Mr. Wynn. I will work with you to achieve the purposes

of your amendment. We will include it in the report and I commend you for your initiative.

Mr. WYNN. Thank you, Mr. Chairman.

EN BLOC AMENDMENT OFFERED BY MR. HAMILTON

Chairman HAMILTON. The Chair has an en bloc amendment which addresses six issues, the Clerk will read the amendment.

Mr. VAN DUSEN. En bloc amendments offered by Mr. Hamilton, committee print, part II, page 20, line——

Chairman HAMILTON. Without objection, further reading of the amendment will be dispensed with, printed in the record and open for discussion.

This includes six issues which have been negotiated out this morning. One provision relates to assistance for Africa and conflict resolution; the second is the Meyers amendment on barter; the third is the Arab boycott amendment by Mr. Lantos; the fourth is the pipeline amendment by Mr. Roth; a fifth amendment deals with conditioning aid to Russia on arms sales to Iran by Mr. Schumer; the sixth, which amends the early disbursement provision in the bill, is by Mr. Lantos and Mr. Gilman.

The Chair is advised that there is agreement, Republican and Democrats, on these amendments and that they are not controversial. I will ask if any of the authors care to speak with respect to these provisions.

[The amendment offered by Mr. Hamilton follows:]

EN BLOC AMENDMENTS OFFERED BY MR. HAMILTON
TO THE COMMITTEE PRINT-PART II

Page 20, line 12, strike "under" and all that follows through "up to" in line 14 and insert "not less than"; and line 15, strike "may" and insert "should".

Page 22, strike lines 12 through 23 and insert the following:

1 (2) FUNDING.—(A) Of the funds that are allo-
2 cated for sub-Saharan Africa under chapter 4 of
3 part II of the Foreign Assistance Act of 1961 (relat-
4 ing to the economic support fund) and under the
5 "Foreign Military Financing Program" account
6 under section 23 of the Arms Export Control Act,
7 \$10,000,000 for fiscal year 1994 should be used for
8 the assistance described in paragraph (1)(A).

Page 22, line 24, strike "(C)" and insert "(B)".

Page 23, line 9, strike "shall" and insert "is authorized to".

Page 35, strike lines 21 and 22 and insert the following:

9 "(C) sophisticated conventional weapons to
10 Iran in numbers and types that are destabiliz-
11 ing."

Page 40, at the end of line 23, add the following:

- 1 Such funds shall be available on a grant basis as a cash
2 transfer and shall be disbursed in accordance with para-
3 graph (3).

Page 36, strike lines 4 through 8 and insert the following:

- 4 (1) AUTHORIZATION.—Section 498B of that
5 Act is amended—
6 (A) by redesignating subsection (k) as sub-
7 section (l); and
8 (B) by inserting after subsection (j) the
9 following new subsection:

Page 36, after line 14, insert the following:

- 10 (2) STUDY OF RESOURCES IN INDEPENDENT
11 STATES.—The President shall conduct a study of—
12 (A) the resources in each of the independ-
13 ent states of the former Soviet Union and the
14 prospective revenues from the production and
15 sale of such resources;
16 (B) the possible use of barter or exchange
17 of such resources as methods of reimbursement

1 for assistance provided to such states under
2 chapter 11 of part I of the Foreign Assistance
3 Act of 1961; and

4 (C) the collateralization of loan and invest-
5 ment guarantees provided by the United States
6 Government for project financing in such states
7 using the resources or prospective revenues
8 from the production and sale of such resources.

9 (3) REPORTS.—The President shall submit to
10 the relevant congressional committees the following
11 reports:

12 (A) Periodic reports describing the status
13 of negotiations between the United States and
14 any independent state of the former Soviet
15 Union relating to agreements for reimburse-
16 ment of assistance provided to such state under
17 chapter 11 of part I of the Foreign Assistance
18 Act of 1961.

19 (B) A report containing the results of the
20 study conducted pursuant to paragraph (2), in-
21 cluding the names of those independent states
22 of the former Soviet Union capable of providing
23 eventual reimbursement of assistance provided
24 to such states under that chapter. Such report

4

1 shall be submitted not later than June 30,
2 1994.

3 (4) DEFINITIONS.—For purposes of this sub-
4 section, the following definitions apply:

5 (A) RELEVANT CONGRESSIONAL COMMIT-
6 TEES.—The term “relevant congressional com-
7 mittees” means the Committee on Foreign Af-
8 fairs of the House of Representatives and the
9 Committee on Foreign Relations of the Senate.

10 (B) RESOURCES.—The term “resources”
11 includes commodities, raw materials (including
12 necessary or strategic raw materials, as defined
13 in section 663(a) of the Foreign Assistance Act
14 of 1961), and other valuable materials.

Page 48, after line 8, insert the following:

15 SEC. 1407. ARAB BOYCOTT.

16 (a) PROHIBITION ON CERTAIN SALES AND
17 LEASES.—Defense articles and defense services may not
18 be sold or leased by the United States Government to any
19 country or international organization which as a matter
20 of policy or practice is known to have sent letters to Unit-
21 ed States firms requesting compliance with, or soliciting
22 information regarding compliance with, the secondary or
23 tertiary Arab boycott, unless the President determines,

1 and reports to the relevant congressional committees, that
2 that country or organization does not now send such let-
3 ters as a matter of policy or practice.

4 (b) WAIVER OF PROHIBITION.—

5 (1) 1 YEAR WAIVER.—After the effective date
6 of this section, the President may waive, for a period
7 of 1 year, the application of subsection (a) with re-
8 spect to any country or organization if the President
9 determines, and reports to the relevant congressional
10 committees, that—

11 (A) such waiver is in the national interest
12 of the United States, and such waiver will pro-
13 mote the objectives of this section to eliminate
14 the Arab Boycott; or

15 (B) such waiver is in the national security
16 interest of the United States.

17 (2) EXTENSION OF WAIVER.—If the President
18 determines that the further extension of a waiver
19 will promote the objectives of this section, the Presi-
20 dent, with appropriate notification to relevant con-
21 gressional committees, may grant further extensions
22 of such waiver for successive 12-month periods.

23 (3) TERMINATION OF WAIVER.—The President
24 may, at any time, terminate any waiver granted
25 under this subsection.

1 (c) **RELEVANT CONGRESSIONAL COMMITTEES.**—As
2 used in this section, the term “relevant congressional com-
3 mittees” means the Committee on Foreign Relations of
4 the Senate and the Committee on Foreign Affairs of the
5 House of Representatives.

6 (d) **EFFECTIVE DATE.**—This section shall not take
7 effect until one year after the date of enactment of this
8 Act.

Page 60, after line 17, add the following:

9 **SEC. 1509. DEOBLIGATION OF CERTAIN UNEXPENDED ECO-**
10 **NOMIC ASSISTANCE FUNDS.**

11 Chapter 3 of part III of the Foreign Assistance Act
12 of 1961 is amended by adding at the end the following:

13 **“SEC. 671. DEOBLIGATION OF CERTAIN UNEXPENDED ECO-**
14 **NOMIC ASSISTANCE FUNDS.**

15 **“(a) REQUIREMENT TO DEOBLIGATE.—**

16 **“(1) ANNUAL DEOBLIGATIONS.**—Except as pro-
17 vided in subsection (b), at the beginning of each fis-
18 cal year the President shall deobligate and return to
19 the Treasury any funds described in paragraph (2)
20 that, as of the end of the preceding fiscal year, have
21 been obligated for a period of more than 4 years but
22 have not been expended.

1 “(2) FUNDS SUBJECT TO REQUIREMENTS.—

2 Paragraph (1) applies with respect to funds made
3 available to carry out chapter 1 of part I (relating
4 to development assistance), chapter 4 of part I (re-
5 lating to the Multilateral Assistance Initiative for
6 the Philippines), chapter 10 of part I (relating to
7 the Development Fund for Africa), chapter 11 of
8 part I (relating to assistance for the independent
9 states of the former Soviet Union), or chapter 4 of
10 part II (relating to the economic support fund) or to
11 carry out the Support for East European Democracy
12 (SEED) Act of 1989.

13 “(b) EXCEPTIONS.—The President, on a case-by-case
14 basis, may waive the requirement of subsection (a) if the
15 President determines, and reports to the appropriate con-
16 gressional committees that—

17 “(1) the funds are being used for a construction
18 or long term participant training project that re-
19 quires more than 4 years to complete; or

20 “(2) the funds have not been expended because
21 of unforeseen circumstances, and those cir-
22 cumstances could not have been reasonably foreseen.

23 “(c) GAO COMMENTS ON WAIVERS.—As soon as pos-
24 sible after submission of a report pursuant to subsection
25 (b), the Inspector General for the agency primarily respon-

1 sible for administering part I of this Act shall submit
2 to the appropriate congressional committees such com-
3 ments as the Inspector General considers appropriate with
4 regard to the determination described in that report.

5 “(d) APPROPRIATE CONGRESSIONAL COMMITTEES.—

6 As used in this section, the term ‘appropriate congres-
7 sional committees’ means the Committee on Foreign Af-
8 fairs and the Committee on Appropriations of the House
9 of Representatives and the Committee on Foreign Rela-
10 tions and the Committee on Appropriations of the Sen-
11 ate.”

Chairman HAMILTON. The Chair recognizes Mr. Johnston.

Mr. JOHNSTON. Mr. Chairman, dealing with conflict resolution for Africa, I reluctantly agreed to the compromise and wish to remind the State Department that this initiative came from the State Department. It came from Assistant Secretary for African Affairs, Mr. Cohen, who presented this, kind of his swan song before he left his position as Assistant Secretary.

The State Department seems to be obsessed with not earmarking, but I notice there is an awful lot of rationalization in some of the earmarking that we have done today.

I really feel in part that there is a double standard at the State Department; anything that deals with Africa, they look at with great care. I personally resent it, and I think Members of my subcommittee resent it.

I have testimony by Mr. Moose before my subcommittee, I have testimony by the Department of Defense in my subcommittee, strongly recommending that we fund the conflict resolution. While I wanted words in there that they "shall" do it, they had in there "may," and we ended up with "should."

I am not very happy with it, but I bow to the chairman's wishes on earmarking, at least on earmarking for African affairs.

Thank you, Mr. Chairman.

Chairman HAMILTON. I thank the gentleman and I thank him for his cooperation.

Mr. Roth.

Mr. ROTH. Thank you.

I thank you, Chairman Hamilton, for agreeing to the pipeline amendment. This amendment, of course, was on the floor last year; it won on the floor, but we failed in conference.

It is almost \$9 million that we are talking about here in the pipeline amendment. Last year, the amendment had a 3-year stipulation. GAO asked or recommended 2 years. This amendment would have 4 years.

So I thank the chairman. At least we are starting to make some progress on this particular problem.

I thank the chairman and the Members of the committee for helping me with this effort so far.

Chairman HAMILTON. I want to commend the gentleman for focusing on the pipeline problem, it is a genuine one, and I also thank him for his cooperation.

Mrs. Meyers.

Mrs. MEYERS. Mr. Chairman, just very briefly, I am pleased that you were able to include section 1311 in the original draft of the report, and then to expand it a bit and give it a little more focus in the en bloc amendment. I believe that authorizing barter agreements with the former Soviet Republics will greatly improve our aid program toward these republics, and most importantly, it will increase the public acceptance of this vital mission.

Again, I appreciate it, and I think the en bloc amendment will give it more focus. I would like to see perhaps it expanded more in years to come, but I am pleased about its inclusion in this year's bill.

Chairman HAMILTON. Well, the Chair wants to thank the gentleman from Kansas for her cooperation, and she has got an excel-

lent proposal there. We will work with her as well to see that it is implemented.

Are there any further comments with regard to the en bloc amendments?

If not, the question is on the adoption of the en bloc amendment.

All those in favor signify by saying aye.

Those opposed, no.

The ayes have it.

The amendment is adopted.

Chairman HAMILTON. Is Mr. Rohrabacher ready with his amendment?

Mr. Smith, are you ready with yours?

Mr. SMITH. I am ready.

Mr. Chairman, I have an amendment at the desk.

SMITH AMENDMENTS ON PUTTING CONDITIONS AND HUMAN RIGHTS
CONDITIONS ON ASSISTANCE FOR NICARAGUA

Chairman HAMILTON. The Clerk will report the Smith amendments.

Mr. SMITH. I would ask that they be considered en bloc.

Chairman HAMILTON. Without objection, they will be considered en bloc.

The Clerk will report the amendment and distribute the amendment.

The CLERK. The amendment offered by Mr. Smith of New Jersey. In an appropriate place insert the following: Provision of police—

Mr. SMITH. Mr. Chairman, I ask unanimous consent that the amendment be considered as read.

Chairman HAMILTON. Without objection, it will be printed in the record and open for amendment.

The Chair recognizes Mr. Smith for 5 minutes in support of the amendments.

[The amendments of Mr. Smith follows:]

**AMENDMENT OFFERED BY MR. SMITH OF NEW
JERSEY**

At an appropriate place, insert the following:

1 **SEC. __. PROVISION OF POLICE TRAINING ASSISTANCE**
2 **FOR NICARAGUA IF CERTAIN HUMAN RIGHTS**
3 **CONDITIONS ARE SATISFIED.**

4 Notwithstanding section 660 of the Foreign Assist-
5 ance Act of 1961 and any other provision of this Act, the
6 President may provide training or advice, or financial sup-
7 port, for police, prisons, or other law enforcement forces
8 of Nicaragua for a fiscal year only if the President deter-
9 mines and reports to the Congress for that fiscal year that
10 police and law enforcement officers implicated in human
11 rights abuses by the Tripartite Commission, the Inter-
12 American Commission on Human Rights, the Nicaraguan
13 Association for Human Rights, the Permanent Commis-
14 sion for Human Rights, or the judiciary in Nicaragua,
15 have been removed or suspended from police or law en-
16 forcement service, as the case may be.

**AMENDMENT OFFERED BY MR. SMITH OF NEW
JERSEY**

At an appropriate place, insert the following:

1 **SEC. __. ASSISTANCE FOR NICARAGUA.**

2 (a) **ECONOMIC ASSISTANCE.—**

3 (1) **DECLARATION OF POLICY.**—Economic as-
4 sistance for Nicaragua must reflect United States
5 support for reform of the armed forces, the estab-
6 lishment of an independent police force under civil-
7 ian control, identification and retirement of military
8 and police officers guilty of human rights abuses,
9 implementation of judicial reform and appointment
10 of judges committed to the rule of law, privatization
11 of state-owned enterprises, establishment of the
12 right to private property, and the maintenance of a
13 dialogue between the government and the United
14 Nicaraguan Opposition (UNO) coalition.

15 (2) **PROHIBITION ON ASSISTANCE.**—The Presi-
16 dent may not provide economic assistance for Nica-
17 ragua for a fiscal year unless the President deter-
18 mines and reports to the Congress for that fiscal
19 year that—

20 (A) there is significant progress in improv-
21 ing human rights in Nicaragua, especially

2

1 progress in improving the continuing political
2 violence directed against former contras, much
3 of it perpetrated by or with the connivance of
4 Sandinista-controlled or affiliated organizations,
5 and by bringing the violators to justice;

6 (B) the Nicaraguan Government is complying
7 with the recommendations of the Tripartite
8 Commission;

9 (C) progress has been made in resolving
10 the murder cases of Enrique Bermudez, Arges
11 Sequeira, and Jean Paul Genie;

12 (D) there is significant progress in settling
13 property claims of both United States citizens
14 and Nicaraguans, including evidence that the
15 property claim mechanism in Nicaragua adequately
16 provides for the resolution of appeals,
17 there has been a physical return of properties,
18 and there is a demonstrated commitment to resolving
19 these cases with the greatest possible
20 speed;

21 (E) there is clear evidence that the Nicaraguan
22 Government has established effective
23 control over Sandinista-controlled government
24 institutions, particularly the security forces;

3

1 (F) military officers implicated in human
2 rights abuses have been removed from the mili-
3 tary; and

4 (G) the position of commander-in-chief in
5 Nicaragua has or will pass to another person as
6 soon as possible.

7 (b) PROHIBITION ON MILITARY EDUCATION AND
8 TRAINING ASSISTANCE.—The President may not provide
9 military education and training assistance for Nicaragua
10 for a fiscal year unless the President determines and re-
11 ports to Congress for that fiscal year that military officers
12 implicated in human rights abuses by the Tripartite Com-
13 mission, the Inter-American Commission on Human
14 Rights, the Nicaraguan Association for Human Rights,
15 the Permanent Commission for Human Rights, or the ju-
16 diciary in Nicaragua, have been removed or suspended
17 from military service.

18 (c) DEFINITIONS.—For purposes of this section, the
19 following definitions apply:

20 (1) ECONOMIC ASSISTANCE.—The term “eco-
21 nomic assistance” means any assistance under—

22 (A) part I of the Foreign Assistance Act of
23 1961; or

24 (B) chapter 4 of part II of such Act (relat-
25 ing to the economic support fund).

1 (2) MILITARY EDUCATION AND TRAINING AS-
2 SISTANCE.—The term “military education and train-
3 ing assistance” means any assistance under chapter
4 5 of part II of the Foreign Assistance Act of 1961
5 (relating to international military education and
6 training).

Mr. SMITH. Thank you very much, Mr. Chairman.

With the election of Violeta Chamorro at the beginning of this decade, most of us were both relieved that the Nicaraguan trauma was seemingly coming to an end, and we were encouraged that forces were finally in place to establish democracy, promote human rights and promote justice in that war-torn country. The record of the past couple of years, however, has caused a sobering reevaluation of the situation on the ground in Nicaragua.

The debate surrounding the release of aid in Nicaragua in recent months has focused on a number of specific human rights concerns, including the escalation of political violence, killings, particularly of former contra leaders, confiscated properties, which largely remain unresolved, people whose properties, both Nicaraguan and Americans who own properties there were confiscated, in many cases, by high government, military and police officials.

There was also the concern, the ongoing concern of effective civilian control over the military and security forces by the Chamorro government. This legislation, Mr. Chairman, essentially takes many of the recommendations that we made at our May 25 markup, our report language, and elevates it to the point of being language that the President would make a determination and report to Congress on.

I think it is extremely important that this be focused upon, perhaps to the exclusion of others, although others may want to focus on some other countries in Central or South America, because Nicaragua is one of those we really thought we had won, "we" being the forces of democracy. It would seem that those in and out of Nicaragua, in Europe, as well as in Central America, South America, felt that an important page in history had been turned, and again the evidence would suggest that our hopes and the achievement of this has been premature.

I would hope that this language would be acceptable. Again, it very closely tracks exactly what we were talking about at our markup.

There was a consensus; our side of the aisle offered a number of amendments which we debated thoroughly in the committee and was accepted by the Majority during the course of that markup, and again, this trends that markup.

Chairman HAMILTON. OK.

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

I support Mr. Smith's amendment to appropriately condition our assistance to Nicaragua on significant progress by the Government of Nicaragua, ending political violence, settling property disputes and establishing effective civilian control over the military and security forces. I expressed concern about these very same issues in a leadership letter to Secretary of State Christopher in February, and in March, when State was considering release of the \$50 million in fiscal year 1992 funds, and again when I met with Nicaraguan Minister Lacayo in May.

The Nicaraguan Government has made some progress on these questions, and I am heartened by this. However, we must continue to press for resolution of the issues set forth by the gentleman from New Jersey, Mr. Smith.

I remain particularly concerned over the lack of movement in bringing to justice those responsible for the politically motivated violence against both the mobilized Sandinistas and resistance members. Mr. Lacayo said there were some 600 cases remaining to be resolved.

Admittedly, the good news is that 10 cases are being pursued by the Nicaraguan Government, and I think that is a positive step. I am hopeful that the Nicaraguan Government will more forcefully address those outstanding human rights issues.

Mr. Smith's amendment is certainly an effort to put the Nicaraguans and the administration on notice that we are concerned about human rights, property claims and civilian control of military and police forces, and I urge my colleagues to support the Smith amendment.

Chairman HAMILTON. Mr. Torricelli, and then I will come to you. Mr. Torricelli.

Mr. TORRICELLI. Thank you, Mr. Chairman.

Mr. Chairman, Mr. Smith's amendment is well-intentioned. However, it may be counterproductive, and more than that, it opens the door to a potential series of serious problems.

The goals Mr. Smith has established are proper: a national system of reconciliation, holding those who have committed violent crimes responsible through investigations, the return of confiscated property.

But as many Members of this committee know, only 2 months ago when American assistance was released, discussions on these same conditions took place. And the reality is the conditions are being met. Day by day, we have made enormous progress toward holding the Nicaraguan Government accountable on each and every one of these points, but we have done it without violating the sovereignty of Nicaragua.

You may or may not like the people who were elected to office or those who occupy positions in the Nicaraguan Government. But the people of Nicaragua did have a free election, and they did choose who was participating.

In my judgment, to place in the bill our insistence on changes as a matter of law is totally inappropriate. It is not a question that our feelings are not known; they are known. I believe our interests are being accommodated.

Similarly, on the question of the return of confiscated properties, letters are going out each and every week to come to full accounting, to ensure that properties are returned.

But finally, again, stating that I know Mr. Smith's intentions are sound, I ask what will follow this amendment?

I could offer the same for El Salvador, some of the same for Guatemala, much for Peru and Bolivia. We could fill the statute books with conditions.

Mr. Smith has insisted, appropriately, on the investigation of several murders. I have another 50 or 100 that I would like to add. And in El Salvador, several times that.

The intentions are sound. The amendment is not. If the bill goes to the floor with this provision, it will be followed, perhaps appropriately, by a number of others.

All we will have accomplished is violate the sovereignty of a democratic government whom we asked to have a free and fair election, and did. We would limit investigations on murder cases. Indeed, my hope is that there are far more investigations that get included. And we would be insisting on the adoption of an international report on national reconciliation, when, in fact, the meetings are already taking place and are accepted by all sides.

Mr. Chairman, those are my own sentiments. Again complimenting Mr. Smith on his intentions, I would urge Members to oppose it. I would ask, if I could, to yield to Wendy Sherman for a statement from the administration.

STATEMENT OF WENDY SHERMAN, ASSISTANT SECRETARY FOR LEGISLATIVE AFFAIRS AND JOHN MAISTO, DEPUTY ASSISTANT FOR CENTRAL AMERICA, DEPARTMENT OF STATE

Chairman HAMILTON. The State Department?

Ms. SHERMAN. I will introduce myself again. I am Wendy Sherman, Assistant Secretary for Legislative Affairs and with me is John Maisto, who is the Deputy Assistant for Central America.

I, too, and the administration absolutely shares the goals that are laid out here in terms of seeking national reconciliation and reconstruction through dialogue, strengthening democratic institutions, exerting greater civilian control and implement reform of security forces; those are all things that we absolutely strive for. We very much, though, believe that conditions have already been imposed upon our aid to Nicaragua, that there is no need for an additional Presidential determination.

We agree with Mr. Torricelli that it is counterproductive, that it plays into the hands of the opposition of a democratically elected government. And we do have a process in place to maintain very, very continuous oversight to make sure that there continues to be progress made on the standards that we have set forth.

I would like to turn the mike to Mr. Maisto for just a moment, to tell you some of those ways that we are, in fact, trying to ensure that we continue to make progress in these areas of concern.

Mr. MAISTO. Mr. Chairman.

Chairman HAMILTON. Identify yourself, please.

Mr. MAISTO. John Maisto, Deputy Secretary for Department of State for Central America.

Mr. Chairman, the United States has remained engaged with the Government of Nicaragua over all of the issues indicated in the amendment. Most particularly, the issues having to do with human rights, professionalization of the Nicaraguan military and police, individual human rights cases, the whole gamut of property issues.

Most recently, the Nicaraguan Minister of the Presidency was in Washington, met with Deputy Secretary Wharton. There were extensive discussions. We talked explicitly of conditions, and specifically of conditions with regard to ESF in fiscal year 1993.

We talked about satisfactory followup by the government with regard to individuals identified by the Tripartite Commission, the Tripartite Commission composed of the OAS, the representatives of Cardinal Obando, and the Government of Nicaragua, with regard to human rights violations.

We talked about conditionality having to do with implementing a political reform program. We talked about concrete, measurable progress in resolving property disputes. We talked about military reform, including fixed terms for military officials in Nicaragua.

There has been measurable progress in all of these area areas. Some of it not as much as we want, some of it not as substantive as we want, but the movement is forward.

Mr. TORRICELLI. Mr. Secretary, each and every thing that Mr. Smith has appropriately recommended in this amendment is already in the report language of the bill. So you share our judgment that this is sufficient, that it is in the report language?

Mr. MAISTO. That is correct, Mr. Congressman.

Mr. TORRICELLI. I thank you, and would again say to the chairman, Members of the committee, in your leadership and in mine, I know that we share a common purpose with Mr. Smith and that we are achieving each and everything that he wants to have achieved.

I yield back the balance of my time.

Chairman HAMILTON. Mr. Ballenger and then Ms. Ros-Lehtinen.

Mr. BALLENGER. Thank you, Mr. Chairman.

I would like to commend Mr. Smith and also our chairman and our Assistant Secretary on their statements. There are several things that are in this amendment that basically are not in the general overall picture, and that is the movement, shall we say, of the recommendations of the Tripartite Commission.

I know when I was there not too long ago, Santiago Morae and Contiango LaBoro told me that their recommendations were being vetoed by the Tripartite Commission—has the CEOFF, which is Santiago Morae, and the government—and the government has a tendency to veto any of the recommendations of the Tripartite Commission.

I don't know, have not heard whether they have allowed these recommendations to go forward. Also, as far as progress being made, I know they have brought in supposedly the Scotland Yard, that murder, in the case of the killing of the confiscated property leader, Mr. Ciscara. Members of the army announced publicly that they had committed the murder and may still be in country.

I have yet to hear what the government itself is talking about. It appears to me that we have been promised many times by this government, things will move. I think this motion right here has a tendency to set it in concrete so that somebody will make sure that something moves before they get any more money. I still wonder why somewhere, sometime, somebody doesn't request that the Sandinista Army change its name to the Army of the Government of Nicaragua.

Somewhere along the line, as long as a party itself that doesn't support the government necessarily, has control of the army, it makes it, it seems to me, a rather difficult situation. I would still recommend that Mr. Smith's amendment be approved.

Thank you, Mr. Chairman.

Mr. SMITH. Will the gentleman yield?

Just let me say that I will never forget back in the mid-1980's, when I was in El Salvador on a child vaccination day, a couple of days down there when they were mobilizing the children, and this

NGO's to vaccinate over 100,000, maybe even 200,000 kids, the estimates were all over the lot, I spoke to President Duarte at length about conditioning aid. He said while publicly, we have to be against it, nobody likes having their sovereignty questioned.

It helps him. It helps him internally with the bad apples within his own government. And it seems to me what we are always asking here is that there seems to be a consensus that these provisions articulated in the bill are acceptable to the administration, are acceptable to my good friend, Mr. Torricelli, who likewise is well-intentioned, and I know we are trying to achieve the same ends, but we are talking here about how best to achieve it.

When we were talking about El Salvador during the 1980's, I supported conditioning aid, even though the administration continually opposed it. I don't know any administration in my years here that ever was for a Presidential determination in conditioning aid. They always felt they had the better handle on it, "they" being the State Department and the administration.

So I would hope, and maybe Mr. Maisto or Ms. Sherman could speak to this—has the administration ever got behind and supported—I don't mean signed the final bill when it was presented to them as a done deal, but in theory, as well as in practicality, as they went through a process like this, were they in favor of a Presidential determination in having the Congress lay down these kinds of conditions?

Mr. Maisto, Mr. Secretary.

Mr. SMITH. Has the administration ever supported a Presidential determination in laying out this kind of information that must be achieved, that must achieve these kinds of conditions?

Mr. MAISTO. Mr. Smith, the administration is very—is not very old.

Mr. SMITH. I mean—

Mr. MAISTO. You are talking about any administration, ever?

Mr. SMITH. Any administration.

Mr. MAISTO. I am afraid, Mr. Smith, I don't feel myself the appropriate person to address this issue, but I will say this with regard to Nicaragua right now. We are involved in a conditioned aid relationship with Nicaragua, and that has been assisted by some very interested work on the part of Members of Congress, on both sides of the aisle. As I indicated, there are specific milestones, specific goals that we are attempting to achieve, and we are working very hard at it. We work at it everyday.

Mr. SMITH. Mr. Maisto, all we are asking is that those conditions, heightened as they are in this bill by being part of the statutory language, be very much out in the open, so that we are a part of that process as well. Then the President, if that progress is being made, in good conscience can make a Presidential determination that, indeed, progress is being made along those lines. Because, again, you have agreed with all of these conditions. I see this strengthening your hands as you do the good work that you will do.

Chairman HAMILTON. The time of the gentleman has expired. The time of the gentleman has expired.

The Chair recognizes Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman.

I support the Smith amendment because it would condition aid to Nicaragua on true progress is being made in the area of human rights, in the resolution of murder cases and the removal of the Ortega choke hold on the military, on the investigation on the abuses. Not the promised return, but true physical return of confiscated property.

The people of Nicaragua elected Chamorro, and she has in turn handed whoever government over to her son-in-law, and he in turn has been ruling with the help of the Sandinistas, the very people who lost the election. The goal of national reconciliation has really been one of the appeasements to the Sandinistas, and with the passage of this amendment, true reforms will at least start to take place, there will be accountability.

I remember as a recently sworn-in Member of Congress, I had the honor of attending the swearing in of Violeta Chamorro, and I would hope that one day those promises of respect for true democracy will take place and this amendment will be one step in that direction.

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. Very briefly, Mr. Chairman, I think the victory of Violeta Chamorro in the first free election in Nicaragua in my memory, or if not in history, was one of the hollowest victories ever in recorded history. When Commandante Ortega yields the command of the military down there, it may mean something. But until that time happens, it is a farce.

The Sandinistas said they would govern from below, and that is just what they are doing. As they lost the election, but they won the country.

Now, Mr. Torricelli says, we have strong language in the report. That is wonderful. But I would like to see some strong language in the statutes.

The report language is ignored, generally and specifically, but it seems to me this is serious enough—now the State Department has a lawyer's attitude on these things, and I don't mean to belittle that, but they do think everything is negotiable and they are the ones to negotiate. That may well be generally true. But in this situation, we have been had.

I would like to see a statutory change. I would like to see some strong language in a statute, recognizing that we have finally awakened to the fact that the Sandinistas still run that country.

So I support with pleasure Mr. Smith's amendment.

Chairman HAMILTON. Any further discussion?

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Very briefly, in support of the Smith amendment, I think that the conditions that the amendment would place on Nicaragua, those conditions are quite moderate, and reasonable. And there is an undeniable reality of an interruption of democratic process on December 29th, last year, in Nicaragua, when the leadership of the legislature was, in effect, removed from office.

Serious things have occurred. I think that for some reason there seems to be some double standard and the Government of Nicaragua is not being treated with the same rigor that the Government of El Salvador was in the past, or with the same rigor we are

attempting to treat the Haitian Government. And I think rightfully so.

So I think it is an appropriate step, I support the amendment and would urge a positive vote for it.

Chairman HAMILTON. Any further discussion?

Let the chairman simply observe here that he will oppose the amendment for several reasons. I think it has already been stated very well by my colleagues.

First, I believe that Nicaragua really is responding to the concerns that we have. They are making measurable progress in each of these areas, and now to come along with this amendment, the impact of which would really be to suspend U.S. assistance to Nicaragua, I think sends a very, very bad signal to Nicaragua.

Secondly, I really see no reason to single out Nicaragua when there are a number of other countries that also could have the same kind of conditionality put into the language, and if we do it for Nicaragua, we are going to have to do it for a number of other countries.

Third, I think if they do not get this economic aid, then their very precarious economic situation is going to really be extremely difficult, and I am not sure they are going to make it at all under those circumstances. If this amendment is adopted and enacted into law, the signal is that the United States is not going to further support the efforts of reconciliation in Nicaragua, and not only our assistance, but international assistance from other sources will be cut back as well.

I think it is very important for the United States to support the reconciliation process, and given the progress that has been made, we have enough good faith progress to continue the assistance to them and not cut it off.

VOTE ON THE SMITH AMENDMENT

The question is on the amendment.

All those in favor of the amendment will say aye.

Those opposed, no.

In the opinion of the Chair, the nos have it.

Mr. SMITH. Mr. Chairman, I ask for a recorded vote.

Chairman HAMILTON. A recorded vote is requested. The Clerk will call the roll.

Mr. VAN DUSEN. Mr. Chairman.

Chairman HAMILTON. No.

Mr. VAN DUSEN. Mr. Gejdenson.

Mr. GEJDENSON. No.

Mr. VAN DUSEN. Mr. Lantos.

[No response.]

Mr. VAN DUSEN. Mr. Torricelli.

Mr. TORRICELLI. No.

Mr. VAN DUSEN. Mr. Berman.

Mr. BERMAN. No.

Mr. VAN DUSEN. Mr. Ackerman.

[No response.]

Mr. VAN DUSEN. Mr. Johnston.

Mr. JOHNSTON. No.

Mr. VAN DUSEN. Mr. Engel.

[No response.]

Mr. VAN DUSEN. Mr. Faleomavaega.

[No response.]

Mr. VAN DUSEN. Mr. Oberstar.

[No response.]

Mr. VAN DUSEN. Mr. Schumer.

Mr. SCHUMER. No.

Mr. VAN DUSEN. Mr. Martinez.

Mr. MARTINEZ. No.

Mr. VAN DUSEN. Mr. Borski.

Mr. BORSKI. No.

Mr. VAN DUSEN. Mr. Payne.

Mr. PAYNE. No.

Mr. VAN DUSEN. Mr. Andrews.

Mr. ANDREWS. No.

Mr. VAN DUSEN. Mr. Menendez.

Mr. MENENDEZ. Yes.

Mr. VAN DUSEN. Mr. Brown.

Mr. BROWN. No.

Mr. VAN DUSEN. Ms. McKinney.

Ms. MCKINNEY. No.

Mr. VAN DUSEN. Ms. Cantwell.

Ms. CANTWELL. No.

Mr. VAN DUSEN. Mr. Hastings.

Mr. HASTINGS. No.

Mr. VAN DUSEN. Mr. Fingerhut.

[No response.]

Mr. VAN DUSEN. Mr. Deutsch.

Mr. DEUTSCH. No.

Mr. VAN DUSEN. Mr. Wynn.

Mr. WYNN. No.

Mr. VAN DUSEN. Mr. Edwards.

[No response.]

Mr. VAN DUSEN. Mr. McCloskey.

Mr. MCCLOSKEY. No.

Mr. VAN DUSEN. Mr. Sawyer.

Mr. SAWYER. No.

Mr. VAN DUSEN. Mr. Gilman.

Mr. GILMAN. Aye.

Mr. VAN DUSEN. Mr. Goodling.

[No response.]

Mr. VAN DUSEN. Mr. Leach.

Mr. LEACH. Aye.

Mr. VAN DUSEN. Mr. Roth.

[No response.]

Mr. VAN DUSEN. Ms. Snowe.

Ms. SNOWE. Aye.

Mr. VAN DUSEN. Mr. Hyde.

Mr. HYDE. Aye.

Mr. VAN DUSEN. Mr. Bereuter.

Mr. BEREUTER. Aye.

Mr. VAN DUSEN. Mr. Smith.

Mr. SMITH. Aye.

Mr. VAN DUSEN. Mr. Burton.

[No response.]

Mr. VAN DUSEN. Mrs. Meyers.

Mrs. MEYERS. Aye.

Mr. VAN DUSEN. Mr. Gallegly.

[No response.]

Mr. VAN DUSEN. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Aye.

Mr. VAN DUSEN. Mr. Ballenger.

Mr. BALLENGER. Aye.

Mr. VAN DUSEN. Mr. Rohrabacher.

[No response.]

Mr. VAN DUSEN. Mr. Levy.

Mr. LEVY. Aye.

Mr. VAN DUSEN. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Aye.

Mr. VAN DUSEN. Mr. Manzullo.

Mr. MANZULLO. Aye.

Mr. VAN DUSEN. Mr. Royce.

Mr. ROYCE. Aye.

Mr. VAN DUSEN. Mr. Fingerhut.

Mr. FINGERHUT. No.

Mr. VAN DUSEN. On this vote there were 14 ayes and 19 nays.

Chairman HAMILTON. And the amendment is not agreed to.

The Chair recognizes Mr. Schumer.

LANGUAGE ON SOVIET JEWRY AND CALLING ON SYRIA TO NO LONGER PROVIDE SAFE HAVEN FOR INTERNATIONAL TERRORISTS

Mr. SCHUMER. Thank you, Mr. Chairman.

Mr. Gilman and I were prepared to offer an amendment on Syrian Jewry. We are now able, having talked to you, Mr. Chairman, and the folks in the State Department and in the administration, to say that it would—since we are convinced that the administration is going to make every effort to make the issue of Syrian Jewry the highest priority in our bilateral negotiations with that country, and we will depict our feelings in the report language, with the right to, of course, go to a floor amendment if we find that progress really is not being made.

But I must say, I have a great deal of confidence that the Secretary of State, Mr. Christopher, and the President himself care deeply about this issue, and are going to try to do everything they can to bring us back to the situation where we were several months ago where Jews were able to immigrate from Syria and therefore am willing to put it in their good hands for the time being.

Chairman HAMILTON. I want to thank the gentleman from New York. I really do commend him for his initiative, and appreciate very much his cooperation. He has been very sensitive to the several aspects of this. I understand that he wants to reconsider this at a later time, and we will work with him on it, and I thank him for his initiative.

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I want to commend the gentleman from New York, Mr. Schumer, for his efforts on behalf of human rights in Syria. Our joint measure, most of which we hope will be incorporated in language, report language, addresses

freedom of travel for the remainder of Syria's Jewish community, and also calls on Syria to no longer support directly or indirectly safe haven for international terrorists. It also calls on Syrian forces to comply with the Tiav Accords and withdraw from Lebanon, and in cooperation with our country's antinarcotics efforts in compliance with international human rights standards.

I am pleased that we will be incorporating that language into the report language on this measure, and I thank the gentleman for his cooperation; and I thank the chairman for his support.

Chairman HAMILTON. Just for the knowledge of Members, so far as the Chair is aware, there are four amendments remaining. Mr. Hyde will be next with regard to Yugoslavia. I have Mr. Rohrabacher, Mr. Bereuter and Mr. Torricelli with an amendment on Cuba. That is all the amendments I am aware of.

Mr. Hyde.

HYDE AMENDMENT ON BOSNIA-HERCEGOVINA

Mr. HYDE. Thank you, Mr. Chairman. My colleagues, at last you have a chance to do something about lifting the——

Chairman HAMILTON. Mr. Hyde, excuse me. I should have had the Clerk pass out the amendment before you started. I apologize to you.

Mr. HYDE. Not at all.

Chairman HAMILTON. The Clerk will read the amendment.

Mr. HYDE. I ask unanimous subsequent——

Chairman HAMILTON. Without objection, further reading of the amendment is dispensed with, printed in the record, and the gentleman from Illinois is recognized in support of the amendment.

[The amendment of Mr. Hyde follows:]

AMENDMENT OFFERED BY MR. HYDE

At the end of the Committee Print, add the following:

1 TITLE ?—BOSNIA-HERCEGOVINA**2 SEC. 701. SHORT TITLE.**

3 This title may be cited as the "Bosnia-Hercegovina
4 Self-Defense Act of 1993".

5 SEC. 702. FINDINGS.

6 The Congress makes the following findings:

7 (1) On July 10, 1991, the United States
8 adopted a policy suspending all licenses and other
9 approvals to export or otherwise transfer defense
10 articles and defense services to Yugoslavia.

11 (2) On September 25, 1991, the United Na-
12 tions Security Council adopted Resolution 713,
13 which imposed a mandatory international embargo
14 on all deliveries of weapons and military equipment
15 to Yugoslavia.

16 (3) The United States considered the policy
17 adopted July 10, 1991, to comply fully with Resolu-
18 tion 713 and therefore took no additional action in
19 response to that resolution.

20 (4) On January 8, 1992, the United Nations
21 Security Council adopted Resolution 727, which de-
22 cided that the mandatory arms embargo imposed by

2

1 Resolution 713 should apply to any independent
2 states that might thereafter emerge on the territory
3 of Yugoslavia.

4 (5) On February 29 and March 1, 1992, the
5 people of Bosnia-Herzegovina voted in a referendum
6 to declare independence from Yugoslavia.

7 (6) On April 7, 1992, the United States rec-
8 ognized the Government of Bosnia-Herzegovina.

9 (7) On May 22, 1992, the Government of
10 Bosnia-Herzegovina was admitted to full mem-
11 bership in the United Nations.

12 (8) Consistent with Resolution 727, the United
13 States has continued to apply the policy adopted
14 July 10, 1991, to independent states that have
15 emerged on the territory of the former Yugoslavia,
16 including Bosnia-Herzegovina.

17 (9) Subsequent to the adoption of Resolution
18 727 and Bosnia-Herzegovina's independence ref-
19 erendum, the seige of Sarajevo began and fighting
20 spread to other areas of Bosnia-Herzegovina.

21 (10) The Government of Serbia intervened di-
22 rectly in the fighting by providing significant mili-
23 tary, financial, and political support and direction to
24 Serbian-allied irregular forces in Bosnia-
25 Herzegovina.

1 (11) In statements dated May 1 and May 12,
2 1992, the Conference on Security and Cooperation
3 in Europe declared that the Government of Serbia
4 and the Serbian-controlled Yugoslav National Army
5 were committing aggression against the Government
6 of Bosnia-Herzegovina and assigned to them prime
7 responsibility for the escalation of bloodshed and de-
8 struction.

9 (12) On May 30, 1992, the United Nations Se-
10 curity Council adopted Resolution 757, which con-
11 demned the Government of Serbia for its continued
12 failure to respect the territorial integrity of Bosnia-
13 Herzegovina.

14 (13) Serbian-allied irregular forces have, over
15 the last year, occupied approximately 70 percent of
16 the territory of Bosnia-Herzegovina, committed
17 gross violations of human rights in the areas they
18 have occupied, and established a secessionist govern-
19 ment committed to eventual unification with Serbia.

20 (14) The military and other support and direc-
21 tion provided to Serbian-allied irregular forces in
22 Bosnia-Herzegovina constitutes an armed attack on
23 the Government of Bosnia-Herzegovina by the Gov-
24 ernment of Serbia within the meaning of Article 51
25 of the United Nations Charter.

1 (15) Under Article 51, the Government of
2 Bosnia-Herzegovina, as a member of the United Na-
3 tions, has an inherent right of individual or collective
4 self-defense against the armed attack from the Gov-
5 ernment of Serbia until the United Nations Security
6 Council has taken measures necessary to maintain
7 international peace and security.

8 (16) The measures taken by the United Nations
9 Security Council in response to the armed attack on
10 Bosnia-Herzegovina have not been adequate to
11 maintain international peace and security.

12 (17) Bosnia-Herzegovina has been unable suc-
13 cessfully to resist the armed attack from Serbia be-
14 cause it lacks the means to counter heavy weaponry
15 that Serbia obtained from the Yugoslav National
16 Army upon the dissolution of Yugoslavia, and be-
17 cause the mandatory international arms embargo
18 has prevented Bosnia-Herzegovina from obtaining
19 from other countries the means to counter such
20 heavy weaponry.

21 (18) On December 18, 1992, with the
22 affirmative vote of the United States, the United
23 Nations General Assembly adopted Resolution 47/
24 121, which urged the United Nations Security Coun-

1 cil to exempt Bosnia-Herzegovina from the manda-
2 tory arms embargo imposed by Resolution 713.

3 (19) In the absence of adequate measures to
4 maintain international peace and security, continued
5 application to the Government of Bosnia-
6 Herzegovina of the mandatory international arms
7 embargo imposed by the United Nations Security
8 Council prior to the armed attack on Bosnia-
9 Herzegovina undermines that government's right of
10 individual or collective self-defense and therefore
11 contravenes Article 51 of the United Nations Char-
12 ter.

13 (20) Bosnia-Herzegovina's right of self-defense
14 under Article 51 of the United Nations Charter in-
15 cludes the right to ask for military assistance from
16 other countries and to receive such assistance if of-
17 fered.

18 **SEC. 703. UNITED STATES ARMS EMBARGO OF THE GOV-**
19 **ERNMENT OF BOSNIA-HERZEGOVINA.**

20 (a) **TERMINATION.**—The President shall terminate
21 the United States arms embargo of the Government of
22 Bosnia-Herzegovina upon receipt from that government of
23 a request for assistance in exercising its right of self-de-
24 fense under Article 51 of the United Nations Charter.

1 (b) DEFINITION.—As used in this section, the term
2 “United States arms embargo of the Government of
3 Bosnia-Hercegovina” means the application to the Gov-
4 ernment of Bosnia-Hercegovina of—

5 (1) the policy adopted July 10, 1991, and pub-
6 lished in the Federal Register of July 19, 1991 (58
7 Fed. Reg. 33322) under the heading “Suspension of
8 Munitions Export Licenses to Yugoslavia”; and

9 (2) any similar policy being applied by the
10 United States Government as of the date of receipt
11 of the request described in subsection (a) pursuant
12 to which approval is routinely denied for transfers of
13 defense articles and defense services to the former
14 Yugoslavia.

15 **SEC. 704. UNITED STATES MILITARY ASSISTANCE FOR**
16 **BOSNIA-HERCEGOVINA.**

17 (a) POLICY.—The President should provide
18 appropriate military assistance to the Government of
19 Bosnia-Hercegovina upon receipt from that government of
20 a request for assistance in exercising its right of self-de-
21 fense under Article 51 of the United Nations Charter.

22 (b) AUTHORIZATION OF MILITARY ASSISTANCE.—

23 (1) DRAWDOWN AUTHORITY.—If the Govern-
24 ment of Bosnia-Hercegovina requests United States
25 assistance in exercising its right of self-defense

1 under Article 51 of the United Nations Charter, the
2 President is authorized to direct the drawdown of
3 defense articles from the stocks of the Department
4 of Defense, defense services of the Department of
5 Defense, and military education and training in
6 order to provide assistance to the Government of
7 Bosnia-Herzegovina. Such assistance shall be pro-
8 vided on such terms and conditions as the President
9 may determine.

10 (2) LIMITATION ON VALUE OF TRANSFERS.—

11 The aggregate value (as defined in section 664(m)
12 of the Foreign Assistance Act of 1961) of defense
13 articles, defense services, and military education and
14 training provided under this subsection may not ex-
15 ceed \$200,000,000.

16 (3) EXPIRATION OF AUTHORIZATION.—The
17 authority provided to the President in paragraph (1)
18 expires at the end of fiscal year 1994.

19 (4) LIMITATION ON ACTIVITIES.—Members of
20 the United States Armed Forces who perform de-
21 fense services or provide military education and
22 training outside the United States under this sub-
23 section may not perform any duties of a combatant
24 nature, including any duties related to training and
25 advising that may engage them in combat activities.

1 (5) REPORTS TO CONGRESS.—Within 60 days
2 after any exercise of the authority of paragraph (1)
3 and every 60 days thereafter, the President shall re-
4 port in writing to the Speaker of the House of Rep-
5 resentatives and the President pro tempore of the
6 Senate concerning the defense articles, defense serv-
7 ices, and military education and training being pro-
8 vided and the use made of such articles, services,
9 and education and training.

10 (6) REIMBURSEMENT.—(A) Defense articles,
11 defense services, and military education and training
12 provided under this subsection shall be made avail-
13 able without reimbursement to the Department of
14 Defense except to the extent that funds are
15 appropriated pursuant to subparagraph (B).

16 (B) There are authorized to be appropriated to
17 the President such sums as may be necessary to re-
18 imburse the applicable appropriation, fund, or
19 account for the value (as defined in section 664(m)
20 of the Foreign Assistance Act of 1961) of defense
21 articles, defense services, or military education and
22 training provided under this subsection.

Mr. HYDE. Thank you, Mr. Chairman.

Mr. Chairman, all of us have been consumed with frustration, as we see on the evening news and we read in the daily newspaper about the carnage that is going on over in Bosnia-Herzegovina. We have seen women and children slaughtered; we have seen elderly disemboweled, we have seen enormous human rights violations that boggle the mind, and we have been absolutely frustrated. During the last Presidential campaign, President Bush was sharply criticized by Mr. Clinton for doing nothing, and then when Mr. Clinton got in office, he found what a very difficult situation this was, and again, we are consumed with frustration. And I share the feelings of the administration on this.

However, most people knowledgeable about that situation have said one thing we can do is lift the embargo so that Bosnian-Herzegovinians would be able to defend themselves. You don't have much of a war when one side has the weapons and all the other side can do is die and suffer.

So lifting the embargo against supplying weapons to the Bosnians would at least equalize the forces and perhaps move the Serbians toward negotiating for peace.

Now, this morning's *New York Times*, I quote, this is from an official from Bosnia: "Once again we are appealing for the United Nations to lift the arms embargo against Bosnia-Herzegovina. We must be given the right to defend ourselves," the official said. "The aggressor must know that we can defend ourselves. It means creating a balance that will bring the Serbs to think about a peace seriously."

Now, my amendment will end the arms embargo on the government of Bosnia-Herzegovina. It will require the U.S. embargo to be lifted, should that government, should Bosnia, request assistance in exercising its right of self-defense under Article 51 of the United Nations' Charter.

The text in my amendment is essentially identical to a bill Senator Dole and I introduced on May 27. As prospects dim for the legitimate government of Bosnia-Herzegovina, President Clinton and Secretary Christopher continue to favor lifting the arms embargo on that beleaguered country.

However, both cite the United Nations Security Council resolution passed before the breakup of the former Yugoslavia as an immovable object to that end—obstacle to that end. According to Secretary Christopher, "that is a United Nations resolution which we supported, our predecessors in office supported that in 1992, and which can only be removed by action of the United Nations. Our allies in Europe do not want to remove that arms embargo, but that continues to be our preferred option."

In response to a reporter's question, the President put it a bit less delicately: "We are certainly trapped by multilateralism unless you want the United States to violate a United Nations resolution."

Well, I believe this is a fundamental misreading of the situation. In July of 1991, our government launched a policy of preventing the transfer of all weapons and related equipment and services to Yugoslavia. The U.N. Security Council followed suit 2 months later in September of that year by adopting Resolution 713, which im-

posed a mandatory international embargo on all deliveries of weapons and military equipment to Yugoslavia.

In January 1992, the U.N. Security Council adopted Resolution 727, applying the embargo to any successor states emerging from Yugoslavia. While these actions were designed to still the conflict, instead they denied arms to the Bosnian Muslims facing already heavily armed Serbian and later Croatian aggressors. The ensuing slaughter goes on unabated.

Reversing this unfortunate decision is justified on moral grounds, yes, and on legal grounds, because Article 51 of the U.N. Charter states that "Nothing in the present charter shall impair the inherent right of individual for collective self-defense if an armed attack occurs against a member of the United Nations until the Security Council has taken measures necessary to maintain international peace and security."

Bosnia-Herzegovina is under armed attack; it is an internationally recognized sovereign state and a full member of the United Nations. Measures taken to date by the Security Council have not stopped the fighting, nor provided security to the beleaguered Bosnian government. Lifting the arms embargo and providing a limited program of military assistance would place the United States squarely in support of Bosnian sovereignty.

It would enable Bosnians to fight their own war and to win their own peace. Furthermore, lifting the embargo could prompt Serbians to seriously consider a negotiated settlement. Nothing gets the attention of an aggressor like a formidable foe. As long as the Serbians believe they can win on the battlefield, they won't leave it.

No one is suggesting we flood the region with arms. Any military assistance program can and should be carefully calibrated, monitored and controlled. Terminating the arms embargo is not a panacea. It won't resolve the deeply rooted centuries old religious, ethnic and cultural conflicts that sadly disfigure the Balkan region, but it is a policy instrument that has merit, as well as important advantages over the alternatives.

Now, I stress this as strongly as I can. It doesn't put American men and women in harm's way. The specter of lifting the arms embargo, as well as its companion policy of providing military assistance, could be used separately or together, as diplomatic levers to gain Serbian and Croatian cooperation in reestablishing Bosnia's sovereignty. If diplomacy fails to move them, we must be willing to go forward with the policy.

Now, this amendment would lift the U.S. arms embargo on the government of Bosnia, and it would authorize, and I say only authorize, the President to provide up to \$200 million in military assistance through September 1994. My amendment would not require the President to provide arms to the Bosnian government, but would give him the assent of Congress to do so.

It isn't micromanagement. It is bipartisan interbranch cooperation with the administration on an important policy issue. My amendment is intended to be a step forward to bring this tragic conflict to an end as soon as possible.

If you are embarrassed and frustrated at standing there and averting your eyes from the slaughter that is going on over the bat-

ties in a disempowered, a disarmed, a defenseless Bosnia, then this permits us to do the proverbial leveling of the playing field and help the Bosnians defend themselves. It is a step toward peace; it is giving the President flexibility; and remember, while the U.N. embargo can only be lifted by the U.N., the fact is, Article 51 of the U.N. Charter is very clear: a country that is under attack can call for help and is entitled to that help, and this amendment provides that help.

I strongly urge your support.

Chairman HAMILTON. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I am pleased to voice my support for the Hyde Amendment, adding a new title to the bill to address this grave situation in Bosnia-Herzegovina. The amendment would add to the bill the text of H.R. 2315 which I introduced on May 27th, the cosponsorship of myself and Mr. Smith, Congressman Wilson and other Members of the House.

H.R. 2315 is designed to support the President's policy on Bosnia by providing a basis under U.S. and international law for ending U.S. participation in the arms embargo of that country. As my colleagues know, the President said that he wants to end the arms embargo so that Bosnia can obtain the wherewithal to defend itself against aggression. That position was reiterated to our committee by senior officials of the State Department when they briefed us about a new safe haven policy. They said that even though the administration had been persuaded to support the establishment of safe havens, it still remained the President's preferred option to end the arms embargo.

This amendment not only ends the embargo, but also grants the President authority to provide up to \$200 million in military assistance to Bosnia by drawing down defense arms and services for the Department of Defense. Bosnia would not be required to exercise this authority, but the President could use it if he wanted to. It provides an important negotiation lever for the President.

Mr. Chairman, the Hyde Amendment signals that our Nation is serious about preserving the territorial integrity and political independence of Bosnia-Herzegovina. Accordingly, I support the adoption of the Hyde Amendment. I urge my colleagues to support the amendment.

Chairman HAMILTON. Mr. McCloskey.

Mr. MCCLOSKEY. Thank you very much, Mr. Chairman. I will be fairly brief, just several minutes. I am afraid that if I spoke for very long, I would get much too emotional about a topic that more and more is increasingly not on—Mr. Chairman, if we could have order, I would appreciate it. I think this is one of the most important things the committee could possibly consider.

Chairman HAMILTON. The committee will come to order, please.

Mr. MCCLOSKEY. This is one of the most important things that could face us at this time, and quite frankly, one of the most pressing and tragic decisions since World War II. If words fail me, I only wish that I had the benefit of being apprised from Mr. Hyde that he was going to submit this, because I would have liked to have been in support much more comprehensively than I perhaps can state extemporaneously, Mr. Chairman.

Let me also say that it pains me no end to be, I am sure, at the end of the voting in disagreement with my distinguished colleague and chairman, Mr. Hamilton. But one of the—the overall tragedy in this I think goes beyond the President's question of the issue in the sense that I guess with the state of the American democracy, with the immediate focus there is a feeling in the land that is often said you cannot handle an administration—a government cannot handle more than one or two issues at once.

I guess the theme being, "it is the economy, stupid." Unfortunately, I think, Mr. Hyde, the world is such a stark and dangerous place that we are never, ever, ever, or very few times likely to have the convenience of being able to say that we can focus on one or two or several issues while we can let the world go on. The simple fact is, as Mr. Hyde has so eloquently stated, mass, slaughter—Mr. Chairman, if I could have order on our side. I do not speak in this committee very often.

Chairman HAMILTON. The gentleman is entitled to order. Let's have order in the committee and in the chamber. Mr. McCloskey.

Mr. MCCLOSKEY. As Mr. Hyde so eloquently stated, and it goes beyond words, the slaughter goes on, the genocide, and it is genocide, and if the State Department were honest on this issue, they would get right up front and say that. It is the genocide of a people and the slaughter of a culture, particularly the last Muslim culture of any significance on the European continent.

I would note this policy, as Mr. Hyde states it, and I think, as he has said, does significantly go to allow the administration to do what it says it wants to do, at least partially, as far as lifting the arms embargo. I think it should also be noted, as a matter of historical record, that this policy was a failure in the last administration and is on the verge of being a near total failure in this administration.

I, for one, speaking candidly as a citizen and not as a Democrat, cannot quite figure out what was the stated purpose, the energy or the vigor or the commitment that Mr. Christopher had on his recent—

Mr. Chairman, for the third time, could I please have order on this side? If my colleagues would be so polite.

Chairman HAMILTON. The gentleman has order. You may proceed.

Mr. MCCLOSKEY. It has been a failure of the last administration; it verges on being a total failure of this administration, we simply cannot allow it to be the case that the modern world is going to stand by and see a people and a culture slaughtered. As Margaret Thatcher has said it so well on the other side of the Atlantic, at some point inaction becomes complicity in this horrible set of events.

What can be wrong, morally or tactically, with allowing a people, and I would say Bosnian people, because they have been a multicultural people, not a Muslim people, to defend themselves. I do not think that in essence this will ever become law or generate policy without in some way the administration's adherence, but I would commend Mr. Hyde for his courage and commitment. I am proud to be able to help, Mr. Hyde.

Mr. HYDE. Would the gentleman yield?

Mr. MCCLOSKEY. You are doing the right thing, sir.

Mr. HYDE. Thank you. I am deeply grateful for the gentleman's very passionate support.

Before the State Department expresses a view, and I would like to just read a note that was handed to me by one of our staff, but to me it is important. It says, Mr. Hyde, Senator Dole met with the President this morning. He raised the question of this bill with the President. The President was not aware that he had authority to lift the embargo unilaterally. Accordingly, he asked Senator Dole to provide him a copy of the bill and a legal memorandum on the subject.

According to Senator Dole, the President was very intrigued by the possibility. So it is still in flux, but I think it sends the right message.

Mr. BERMAN. Would the gentleman yield?

Mr. HYDE. Surely. I don't have the time, but Mr. McCloskey has the time.

Mr. MCCLOSKEY. I yield to the gentleman.

Chairman HAMILTON. Well, the gentleman's time from Indiana has expired.

Mrs. Meyers, and then Mr. Smith, and then Mr. Berman.

Mrs. Meyers.

Mrs. MEYERS. Mr. Chairman, I reluctantly oppose this amendment. I think all of us would like to find some kind of a solution in the former Yugoslavia, and I have decided that there are no good options. There are two or three reasons that we have been given, in several hearings, why this would be an option that would maybe cause more problems than it would resolve, although it would certainly create a more level playing field.

One, if you send in simple arms, it would be one thing. But if you send in the kind of sophisticated arms that would be necessary to truly level the playing field, you would have to send advisors with them to teach people how to use these arms. And since the Europeans are absolutely opposed to this, you know who those advisors would be.

The second thing, the arms would probably flow through Croatia, and if they flow through Croatia, probably some of the arms would stop in Croatia. I have been very supportive of the Croats in their search for independence and in their ability to defend themselves. But I don't want to do anything that will heighten the fighting between the Croats and the Muslims, and I am afraid that this step would do that.

Mr. HYDE. Would the gentlelady yield to me just at that point?

Mrs. MEYERS. If you will allow me to give my third point and then I will be happy to yield to my friend.

Mr. HYDE. Oh, sure.

Mrs. MEYERS. The third point is that there is a great deal of concern in Europe, and I think this is the reason why the Europeans are so afraid of this, that the arms would find their way to the Albanian Muslims in Kosovo and in Macedonia, and with the probability of bringing in Albania, Greece, Turkey, and truly expanding this to a major Balkan war, which would spread beyond that, I would love to level the playing field, but not at this cost.

I am as disheartened by the carnage that we see daily in the newspapers and on television as the gentleman from Illinois, but I don't, I don't think that this is an option that will help. I think it will not cause the fighting to be contained.

I think it will cause the fighting to expand and spread, and I would like to see us tighten very strongly the sanctions and to cause the border to be closed between Serbia and Bosnia. I don't think this is a good option, nor do I think it is a way to save lives.

Mr. HYDE. Would the gentlelady yield?

Mrs. MEYERS. Yes.

Mr. HYDE. First of all, I want to stress again, this is merely authority to the President. The President makes the determination as to how, when, where and what and what kind of arms, and it is simply giving him flexibility.

Secondly, lest the State Department think this is not a legal activity under Article 51, I would point out, and I will not mention their names, although I have them, because it was in a closed session, but two very senior members of the State Department met with the committee 2 weeks ago and one of them said that he believed there is a legal basis for the United States to unilaterally withdraw from the arms embargo, and another of Ambassadorial rank added that this is a very serious question and we can't close the door to the possibility of unilateral action.

However, addressing my friend, Mrs. Meyers, frontally on the problem of involvement of the United States, I would point out on page 7, subparagraph 4, limitation of activities. "Members of the U.S. armed forces who perform defense or provide military education and training outside the United States under this subsection may not perform any duties of a combatant nature, including any duties related to training and advising that may engage them in combat activities."

So this amendment specifically addresses itself to them. Yes, I guess the war could spread. There is a peace. It is called a peace of the graveyard. When one side has no way to defend themselves and they all get slaughtered, that is one kind of a peace, but it is not the kind of a peace that a civilization ought to be proud of.

So I hope the gentlelady reconsiders and says a prayer and supports my amendment.

Chairman HAMILTON. The State Department wants to make a comment. I will entertain that at this time, then I have Mr. Bereuter, Mr. Smith, Mr. Lantos, and Mr. Rohrabacher on my list.

Ms. SHERMAN. Thank you, Mr. Chairman. As I learned from being on a trip with Mr. Hyde, he is an articulate and very talented spokesperson for whatever cause he works for and I am sure there will be many we will work with him on together. This is one in which we do have a serious disagreement, though.

As you all well know, this has been a very difficult and a very frustrating situation, one in which we have had many consultations with the Hill, many briefings, many discussions and we all struggle to find the right solution and the right role for the United States of America in what is decidedly a very difficult and painful situation, so we share that with you absolutely.

We agreed very early on in close consultation with Congress that we would proceed multilaterally, that we did not want to be in a

position where America found itself sending men and women off to combat in Bosnia without our allies being with us in that matter because it was a very difficult situation and not one that we wanted to go alone. Many people felt in Congress, and still do, that this is something that Europe must take some responsibility for and we are working with them and have, in fact, come together in a joint action program which is now being implemented.

Mr. Hyde spoke to the fact that there was a legal basis for in fact going ahead and unilaterally lifting the arms embargo and I would like to work through with you as quickly as I can what the problems are with that legal basis. I am sure there are many people who may think otherwise, but I give you our best understanding of Article 51 and what this situation is, and if, in fact, we were to proceed in this matter, what kind of international circumstances we would find ourselves in legally. And, they would not be very good.

It is true that in one of the first sentences of Article 51 it speaks to the right to self-defense, but it does not necessarily entail an unrestricted right to purchase or receive arms from the world at large. Even assuming that an arms embargo constrains the right to self-defense, the second sentence in the article makes clear that the Security Council may take action under Chapter 7 of the Charter which may indeed affect a state's exercise of the right of self-defense.

When the Security Council imposes an arms embargo or cease-fire, such actions will affect the right of the state's self-defense. Article 51 rests on the fact that mandatory sanctions require the concurrence of the five permanent members, including the United States, and thus reflect their judgment that the measures taken are appropriate and necessary.

If the United States were to act in a manner inconsistent with the Security Council's Chapter 7 arms embargo on Bosnia on the theory that Bosnia's right of self-defense supersedes the action, the authority of the Security Council would be severely undermined. We might see other nations ignore Chapter 7 decisions, such as trade and weapons embargoes against Iraq and Serbia, Montenegro and other situations where we would not want to be on the other side of the equation or would have serious concern.

So I urge this committee to think very hard before it passes such an action because we may find ourselves making an exception to a multilateral action that we agreed to in the U.N. Security Council that lays precedent for actions that we will later deeply regret.

And in closing, I want to reaffirm that the Secretary shares the great frustration and the great desire to bring peace. He has worked very hard, as has the President, with our allies to agree on a joint action program which does not, which does not preclude any option as we move down the road here, but he is committed and the President is committed to work with our allies on this joint action program in hopes that it will, in fact, bring peace, stop the killing, and stop the spread of this very terrible situation.

I thank you very much.

Mr. HYDE. Mr. Chairman, may I just ask Wendy one question? Chairman HAMILTON. Certainly.

Mr. HYDE. Isn't it true though that on December 18th of 1992 the U.N. General Assembly adopted a Resolution 47/9121 which urged the U.N. Security Council to exempt Bosnia from the arms embargo imposed by that body and the United States voted for that resolution. So isn't there lots of—is that not true?

Ms. SHERMAN. To tell you the truth, Mr. Hyde, I do not know the answer to that question and I do not know, but would be glad to try to find out while this discussion proceeds, what was the impact of that vote if in fact it happened in the way you related. I don't know the answer, but I would be glad to find out.

Mr. HYDE. I am informed that that is so, that the U.N. General Assembly voted to lift the embargo, strong support, and we voted with the embargo lifting. The Security Council has not. I will give you that, but—

Ms. SHERMAN. Right, and, again, I think this is a very, very serious matter and what I wanted to emphasize here to the committee is how serious a matter this is, how we don't know fully what the unintended consequences of taking such action to, in essence, undermine our own vote on the U.N. Security Council is, what those unintended consequences might be and I would urge this committee to think very hard before it takes such action.

Chairman HAMILTON. May I ask a question?

Ms. SHERMAN. Sure.

Chairman HAMILTON. The administration's position, as I understand it, has been that their preferred course of action would be to lift the embargo, and in the period of time that it takes to get arms to the Bosnian Muslims, to use air power selectively in order to bring about an equality eventually of the forces.

Now, as I understand the administration's position, both aspects, lifting the embargo and selective air strikes, are essential, and that if you simply lift the embargo, you leave a gap of time before the Bosnian Muslims can be armed, which will leave them terribly exposed to a clearly superior Serbian force. So by lifting the embargo by itself it will put the Bosnian Muslims into far greater jeopardy. Is that correct?

Ms. SHERMAN. I think that is a point very well taken, Mr. Chairman, yes.

Chairman HAMILTON. And the amendment before us of course only lifts the embargo; it does not deal with the question of lifting air strikes.

Ms. SHERMAN. Right, and in fact, therefore, it would not level the playing field, correct.

Chairman HAMILTON. It would not level the playing field, and if I have understood the briefings correctly, merely lifting the embargo is the worst thing you can do with respect to the Bosnian Muslims because you expose them to clearly superior Serbian power during the period when the arms are flowing into Bosnia and during the period during which they must be trained to use those arms. Am I not correct?

Ms. SHERMAN. You are correct. That is a point well taken.

Also, Mr. Hyde, the UNGA vote calls on the United Nations Security Council, as you said, to lift the embargo. It was nonbinding and left the decision to the Security Council. So it was saying we have some concern about this but we accede to the Security Coun-

cil, and the Security Council had voted against lifting an arms embargo and that is a very different vote from what we are suggesting here, which is unilateral action in contraindication to what we have done multilaterally.

As I said, I think the other critical issue here, since this is of such potentially grave consequence, is what precedent we are setting where we may find ourselves in a place we do not want to be.

Mr. HYDE. Mr. Chairman, might I inquire a little further of Ms. Sherman?

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. May I just ask?

Chairman HAMILTON. Sure.

Mr. HYDE. First of all, I would like to point out that the vote in the U.N. was to recommend lifting the embargo and we support—our country voted for that.

Secondly, the Ambassador from Bosnia has asked us to please lift the embargo. The Bosnians have asked us to lift the embargo; and thirdly, may I inquire, and you may have this information or not, as to whether the talking points that you read from, a legal analysis of Article 51, if they were cleared with the State Department legal adviser or if they come from a lesser authority?

Because, frankly, it contradicts what—and I don't want to name the gentleman, but a very high member of the State Department told us 2 weeks ago, and frankly and I would be surprised if the legal adviser would approve an analysis that deprives the President of flexibility to act unilaterally.

Ms. SHERMAN. The legal adviser shares the concern about our undermining our vote on the Security Council by taking this action. He has great concern about this.

Mr. HYDE. Well, I think the U.S. Constitution is very important—

Ms. SHERMAN. Well, certainly, Mr. Hyde, I don't think that anyone would disagree—I think what we are trying to talk about here is what consequences it has for us as a country trying to operate in a multilateral world, and it is a very difficult set of decisions to make about how to do that and still maintain our own options and our own independence, which is very important to us as a country.

But we entered into an agreement in the Security Council and I just wanted to bring to the committee's attention, as well as the points that the chairman makes about what just lifting the arms embargo means for Bosnia. I just wanted people to understand the potential consequences for us in doing so.

Mr. HYDE. I thank you.

Chairman HAMILTON. The Chair would like to make a few comments with respect to this amendment.

I do think it is a terribly important amendment. I think all of us recognize that. I also understand the frustration that all of us have with respect to the events in Bosnia and the very strong desire to do something about it.

It is a terrible situation and we want to try to act in a way that would be helpful, and I am sure that my colleagues who support the Hyde amendment are acting from the very best of motivations because they want to try to be helpful.

I want to make this point: If the United States acts unilaterally to lift the embargo and as this amendment further provides up to \$200 million in American defense arms, we are, in effect, rejecting a multilateral approach to the Bosnian situation.

You have to ask yourself whether or not the United States can solve this in a unilateral way, you have to ask yourself the question, if we act unilaterally, in effect, reject United Nations actions, in effect, reject the entire approach that the allies and the Russians have taken toward Bosnia up to this point, we have always emphasized a multilateral approach. Now in this amendment you are coming along, you are making it a unilateral approach to resolving the question of Bosnia, but you are doing more than that. You are providing American arms to one side.

At that point this conflict becomes an American conflict. It is no longer a British and a French and a European problem. It is no longer a Russian problem. The United States has taken on the responsibility to deal with the problem of Bosnia unilaterally.

We are making with this amendment a commitment. We are taking on a responsibility to do it alone. And I think you really want to think carefully about that, my friends.

Mr. Clinton, the President has made it very clear that he believes the arms embargo should be lifted in conjunction with air strikes, not by itself, so he is not unsympathetic to the idea that you lift the embargo. Indeed, he supports it in the proper context, which this amendment does not have. But he has also said that you must deal with this problem multilaterally, that it is essentially a European problem, and this amendment goes directly contrary to the administration's position with regard to how you approach this problem.

Now, I think the gentleman can make strong arguments for lifting the embargo. I could make some pretty strong arguments against them. All of the briefings I have had by the Defense Department and the intelligence community tell me that lifting the embargo is not going to achieve the kind of results that you think.

The Croats are going to intercept a lot of these arms and turn right around and use them on the Serbs. You are going to increase the level of violence, the level of violence throughout the region, and there are other reasons that it won't work, but I am really not overly concerned with that point, at this time.

Mr. HYDE. Mr. Chairman, would you yield just for a couple of comments?

Chairman HAMILTON. I would be glad to yield. But let me just complete my statement by saying that on the legal question that has been very much argued here, it is my impression that the United States in exercising its individual or collective self-defense to supply arms to Bosnia would not be acting within the authority of Article 51, Article 51 is the U.N. Charter that does provide that individual states have rights to individual or collective self-defense.

The United States would not be acting in its self-defense by supplying arms to Bosnia, even if the Bosnian ability to defend itself would be strengthened by that action. And Article 51 also states that member states' acts of self-defense must be reported to the Security Council immediately and, I am quoting now: "Shall not in any way affect the authority and responsibility of the Security

Council under the present charter to take at any time such action as it deems necessary in order to maintain or restore international peace and security."

Well, I suspect the lawyers may argue about this, but I am very reluctant to accept at this point the argument that the United States is acting legally within the U.N. Charter, on the basis of what I know at this point.

There is a practical problem here as well, if you lift the embargo, and that is the problem of the Croatians. How are you going to do it? How are you going to achieve lifting the embargo?

If you put the American defense equipment there, you are going to have to put American trainers in so that you can train these people to use American arms. That means American forces will be on the ground in Yugoslavia. Do you want to do that?

I have heard very few people who favor lifting the embargo and even the air strikes, say they want to put American combat forces on the ground, but that is the consequence of this amendment. If you send American equipment in, you have got to send American trainers in there to train them to use the equipment, and they are going to be exposed.

I am just telling my friends to look at this amendment with very, very great care. It is an enormously significant amendment. It is a tremendous shift in the policy of either the Bush administration or the Clinton administration, and I think it needs to be looked at very carefully.

I appreciate the Members letting me speak to this.

Mr. Hyde, yes, of course.

Mr. HYDE. I thank the chairman, and I just want to salute the chairman for being as generous as you have been in letting us talk out this very difficult issue. And I wouldn't want anyone to leap in the dark on something like this. This is a serious step.

But let me just say this: It has been months, and months, and months that we have been confronted with a failed policy. One of the greatest disappointments that our country has endured has been watching Europe do nothing. We know the former Yugoslavia is primarily a European problem, but they have taken no initiative, they have done nothing.

Now, we are supposed to be leaders of the free world. We end up having to organize posses all over the globe, going to places like Somalia, but no one will do it if we don't do it. It is called leadership, exercising leadership.

As far as trainers in country, they can be trained out of country. They don't—we don't have to go in country. The Majahaddin did pretty well with the weapons they got. They did very well. They beat a superpower.

All we are asking is that the President have authority, as he sees fit, to send in as best he can, when he can, such weapons as will enable the Bosnians to defend themselves.

Yes, you can have peace if one side is wiped out. All we are asking is what the Bosnians themselves have asked for, what the U.N. General Assembly has asked for, what Zbigniew Brzezinski said there and said ought to be done, what the President himself has said ought to be done; lift the embargo.

Chairman HAMILTON. Will the gentleman yield?

Mr. HYDE. Yes.

Chairman HAMILTON. Please don't quote the President that way. The President has not said for you to lift the embargo only.

The President has always said that you lift the embargo in connection with limited air strikes and he has tied the two together as being essential. You don't do one without the other.

To quote the President as being in favor of just lifting the embargo, I think is not accurate.

Mr. HYDE. I accept the amendment from the gentleman from Indiana that he has always coupled that as in conjunction with the U.N., and I agree with the gentleman. I simply say that he agrees, the embargo as such works a tremendous, a lethal disadvantage on the Bosnians.

Now, we recognize and respect the United Nations as an institution, but we never should subordinate our foreign policy to a Security Council made up of the People's Republic of China and other countries, whose own agenda in terms of human rights and freedom in the world may be quite different from ours. All I want to do in this small little step, not a leap for mankind, is say to the President, Mr. President, if you want to, under whatever circumstances you deem appropriate, you have Congress' approval should you want to raise the—

Chairman HAMILTON. Mr. Hyde, would you yield again?

The language of your amendment says, and I quote: "If the President shall terminate the United State's arms embargo." There is no discretion there. He must do it. It is not done in conjunction with the United Nations under your amendment. It is not done with any consultation with the Congress. It is not done with any consultation with our allies. "You shall terminate."

Mr. HYDE. It emanates from Congress, so he hardly needs to consult with us; we are the initiators of it. But secondly, the alternative to this is to continue to do nothing, to continue to bemoan the fact that Europe is wringing its hands, people are dying and we avert our eyes.

This does not involve a single U.S. troop. We don't have to train them in country any more than we did in Afghanistan. But it is one small step, and perhaps toward a negotiated solution, if the Serbs know that the Muslims are going to be able to defend themselves.

Well, I think we have kicked this around long enough.

Mr. BERMAN. Will the gentleman yield?

Mr. HYDE. Yes, I can yield.

Chairman HAMILTON. Let me just recognize Mr. Berman.

Mr. BERMAN. I would like to ask Mr. Hyde a question, because I agree where he is going on policy and I do think it is important. I can speculate about whether air strikes are necessary to make the supply of arms effective or not. All I know is the Bosnian Muslims and their leadership are asking for the embargo to be lifted and are asking for arms—and this past week I saw how effective safe havens were for people playing soccer in Sarajevo.

But my question to Mr. Hyde is, if you were of the conclusion that U.S. unilateral action was a violation of international law, and our treaty obligations as people who signed the initial U.N. agreement would you still advocate such action? Because the weight of

opinion, and good opinion, and independent and neutral opinion, and opinion that wasn't tied-up in our results kind of thinking, concluded that Article 51, in fact, was not an escape clause from the applications of the Security Council sanction. I know the gentleman from Illinois does not want the General Assembly to be able to override Security Council actions as a general rule. But if you concluded that Article 51 was not a basis for unilateral action, would you still think we should unilaterally break the embargo, even if, as you concluded, it was a violation of international law—

Mr. HYDE. I would be less enthusiastic, because I do believe in the rule of law, I do believe we are a member of the U.N. I do believe we have certain obligations, but I also believe in the words of Article 51 of the U.N. Charter. I also believe in the inherent right of self-defense.

I know the Bosnians have asked for help. They are defenseless, they are disempowered, they are dying, and Europe looks the other way.

I wouldn't want to trust the Security Council for our survival. I am sure the gentleman wouldn't want to trust the Security Council for the survival of Israel or any other country.

Chairman HAMILTON. Would the gentleman yield?

Mr. BERMAN. I would be happy to yield.

Chairman HAMILTON. The statement was made a moment ago that the alternative to the Hyde amendment is to do nothing. Now, I can appreciate that statement because of this deep level of frustration that all of us have with the circumstances there, and much of what Mr. Hyde has said I agree with.

I want to point out here that the U.N. has now acted. They have created the safe havens. They have created the enforcement power to use air power to defend those safe havens, and they are now in the process of linking the safe haven concept with the European Community, United Nations peace process, which calls for the enforcement of the sanctions and eventually rolling back of Serbian aggression.

May I also point out here that the Bosnian Muslims, for whom everybody is speaking, have agreed to all of this as of yesterday. They are saying that we support what is happening. The U.N. plan, the safe haven plan, and the peace process, if they accept it, why can't we accept it?

Mr. HYDE. Mr. Chairman, if I can just comment on that, yes, we are moving—that is a step in the right direction, but only today the Ambassador spoke to my staff and said they would certainly love to have the embargo lifted, and not to make too fine a point on the legalities of what we are talking about because this isn't a courtroom, but in 1971 Congress passed the Byrd amendment which required the United States to violate an U.N. mandatory embargo of Rhodesia. That law was upheld in the case of Diggs versus Shultz.

So there have been times we haven't let the Security Council dictate the foreign policy of this country. This is merely a small—not a small, I shouldn't say that. This is a substantial grant of authority, but it gives it to the President when it comes to putting weapons in there, what kind. Otherwise, it is simply psychological warfare.

Mr. BERMAN. To reclaim my time, I am not comforted by the notion that the citation of the example of the appropriateness of breaking international law was to break the embargo on Rhodesia, but I still think you have to deal and we have to deal with the implications of what the law is here. You can say we are just Congress, except you are also the person who doesn't like those overactive legislating courts because we want to have judicial restraint. We want the Congress to make informed decisions based on legal judgments and then expect the courts to restrain themselves from legislating.

This is a real tough one you have given us, Mr. Hyde.

Mr. HYDE. Appreciate your support.

Chairman HAMILTON. Now, let me try to get us back on track here. Mr. Smith wanted to comment, Mr. Bereuter, and Mr. Lantos.

Mr. Smith.

Mr. SMITH. Thank you very much. First let me say I strongly support Mr. Hyde's amendment. It is a good amendment and I think it will help in this where there are very few good choices, if any. I think this will help move toward a diplomatic resolution if the arms embargo is lifted.

Just let me remind Members that almost all of the military might of the former Yugoslavia fell into the hands of the Serbs, all six of the former republics and the independent autonomous regions of Kosovo, all—

Mr. HYDE. Would you yield?

Mr. SMITH. Be happy to yield.

Mr. HYDE. Mr. Chairman, I would like with unanimous consent to change the word "shall" on line 20, page 5, where it says the President shall terminate the U.S. arms embargo, the word "shall" to "may". So it is not mandatory.

It is simply the grant of authority to the President. He may terminate the United State's arms embargo of Bosnia-Herzegovina. That softens it.

Chairman HAMILTON. Would the gentleman accept language in there that the President may pursue through the U.N. Security Council a termination of the embargo?

Mr. HYDE. Oh, no. He can do that already. That destroys my Article 51 argument, but if we make it may, if we make it may, it is simply

Chairman HAMILTON. Is there objection? The Chair hears none. The change in his amendment is made.

Mr. HYDE. Thank you, Mr. Chairman.

Mr. SMITH. Just let me make the point that the military might fall into the hands of the Serbs and when the aggression began, most people wanted to treat all of the various republics evenhandedly. There was a sense that, well, they are independent republics, it is an ethnic conflict and we need to deal with them with an evenhanded approach.

I saw 3 months into the war when Frank Wolf and I went over to Vukovar, we got into Vukovar and that city was under siege surrounded by tanks and artillery, MiGs were flying overhead, that the Croats had nothing to—comparable, nothing to defend themselves with, and during the course of the next several months, that

city fell, other cities fell. Dubrovnik was leveled and many other cities throughout Croatia.

When greater Serbia was established in that part of the former Yugoslavia, they trained their guns on Bosnia. That same identical type of process began of laying siege to cities and towns, ethnic cleansing, that offensive genocidal activity that has been engaged in by the Bosnian Serbs and by the Serbs, and we have the mess that we have inherited here today.

Mr. Chairman, could there be order in the committee?

Chairman HAMILTON. Let's have order here, please.

Mr. SMITH. I thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Smith.

Mr. SMITH. Mr. Chairman, the arms embargo was placed again in a wrong handed way that tried to treat all of the various parties equally. Last year, very early last year, many of us met with Silajdzic, the foreign minister of Bosnia, and he was incredulous that the West and the United States could impose upon Bosnia, which had prepared for peace and now is facing war, an arms embargo.

They had no way to defend themselves. The West was unwilling, perhaps unable, but certainly unwilling to come to their aid, allow at least that country made up of primarily Muslims, to defend themselves. The situation as we inherited it today and candidate Clinton, and I supported him on this when he was a candidate and early on in this session, the 103rd Congress, Mr. McCloskey, Mr. Hoyer, and I put in legislation on the House side, members of the Helsinki Commission, members on the Senate side, Senator DiConcini put it in, asking that this arms embargo be lifted.

I agree with lifting and striking as well, having the two-pronged policy, but it need not proceed just—if we don't have the air strikes, it doesn't necessarily mean we can't lift the arms embargo. President Izetbegovic, Foreign Minister Silajdzic and many others make the point, allow us to defend ourselves, whether or not you provide the air power support that the President has talked about.

So I would hope that this important piece of legislation which now has been corrected or at least modified with the "may" language proceed, because I think we need to get this back on a faster track than it is, but I would be happy to yield.

Chairman HAMILTON. The gentleman's time has expired.

Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman. I rise in strong support of the proposal of my good friend from Illinois. I think it is important to realize that for a period of almost half a century, NATO deterred the mighty Soviet Union from military aggression and had NATO followed the advice that many of us offer publicly and privately, a credible threat of force by NATO would have prevented this entire nightmare that we have witnessed.

I agree that this is primarily an European problem, but when it became obvious that the spineless performance of the European great powers left the Bush administration no alternative but to do exactly what it did in the Persian Gulf War, organize international collective action, that failure juxtaposes the success of the Persian Gulf war with the failure of Bosnia.

What differentiates those two situations is that in the Persian Gulf war, we organized collective response and in Bosnia—Mr. Chairman, the committee is not in order.

Chairman HAMILTON. To be heard, Mr. Lantos.

Mr. LANTOS. The great difference between the Persian Gulf War and the Bosnian crisis is the one—the United States, the one remaining superpower, chose to lead, and in the case of Bosnia, we chose not to lead.

Now, in all fairness to the Clinton administration, I think one must say that by January 20th of 1993, there were no good solutions. The bulk of the aggression was behind us, the bulk of the mass rapes were behind us. About 150,000 innocent people are dead, about 1.4 million people have been driven from their homes, probably never to return.

It will take generations to attempt to restore the fabric of what was once a vibrant multiethnic, multilingual, multicultural, multireligious society.

What the gentleman from Illinois is attempting to do is to reclaim a small portion of our conscience, because when the history books will be written of these years from the vantage point of the year 2050, this period and this failure, this chamber-like performance on the part of the West will be one of the dark pages of the 1990's.

This move gives us the first opportunity to vote on this issue. One of the things that I think my colleagues need to understand, that while there has been an enormous amount of discussion about Bosnia and the war in Bosnia and what we should do, we have not yet voted on this issue once.

This is the first time, and I am deeply grateful to my friend from Illinois for giving us this chance. This is the first time for us to stand up and be counted. This is not the end of the process. If we succeed in committee, as I hope we do, it will go to the floor and if we succeed on the floor, it will go to the Senate, which will work its way, and the President will have every opportunity to veto this legislation should he so desire.

But I think it is unconscionable to perpetuate the situation whereby the victim is put on an equal footing with the aggressor in terms of access to arms. The Bosnians are not asking us to fight their wars. They are asking for a tiny, a modicum of leveling of the playing field. No one relishes the notion of sending armaments to any part of the world.

We all want peace, we all want disarmament, we all want arms control. But I think it is the ultimate of hypocrisy to claim, at a time when the Serbian forces are loaded with the most sophisticated weapons in almost unlimited quantities, that somehow it is immoral to provide the group aggressed against with some modicum of opportunity of fighting back.

I would like to also add, Mr. Chairman, and colleagues, that the proposal of Mr. Hyde is very much in line with what the Secretary of State attempted to sell unsuccessfully to our European colleagues. That proposal had two features: The lifting of the embargo, which this amendment is all about, and air strikes.

For reasons that are not his own fault, the Secretary of State failed. So our policy shifted and our policy has now been reduced

to this pathetic attempt to claim on paper safe havens. We have seen how safe these havens are. A pick-up soccer game resulted in scores of dead and injured. The nightly supply of dead in Sarajevo's hospitals is increasing, as is the case in these other authentic little areas.

I think it is important to realize that the government of Bosnia Herzegovina, which is a legitimate government recognized by the United Nations, has reluctantly acquiesced in this pathetic formula because it has no other option. That does not mean it wouldn't like to have other options. That does not mean it doesn't ask for the lifting of the embargo. That does not mean it wouldn't prefer to see the Vance/Owen plan implemented.

We are for the first time in this whole crisis in this committee are called upon to vote. That vote will be on our conscience for the rest of our lives.

Chairman HAMILTON. The Chair has Mr. Bereuter, Mr. Gejdenson, Mr. Rohrabacher and Ms. McKinney. I might just say that, Mr. Burton, it is pretty obvious how this vote is going to go.

And I am quite prepared to bring it to a vote at this moment if Members would like to speak, then they are certainly entitled to do that. I don't want to shut them off but neither I do want to extend the debate unnecessarily.

Is it the wish of the committee that we vote or does someone want to speak?

Mr. Burton.

Mr. BURTON. Yes, I want to make one brief—

Chairman HAMILTON. Mr. Bereuter is first.

Mr. BEREUTER. Mr. Chairman, I could have intervened on other Member's time as well but I have been waiting for my time here. I will be brief but I would like to pick up on the point made by the gentleman from California. This is one of the most important foreign policy issues of certainly the decade.

It is about time that some entity in this Congress got around to discussing and debating this important issue. I think this issue deserves the time that we are giving it, plus other time that we ought to be giving to it. Just to make sure we understand where we are, so the American people aren't quite disappointed, so the founding fathers aren't quite disappointed, the United States has the ability under any legal construction to unilaterally lift the arms embargo regardless of the arms embargo action taken by the Security Council of the United Nations. The representative for the administration eventually came to say that directly, but pointed out to us properly the consequences that might follow from the United States taking that unilateral action.

Let's make it quite clear that we have that ability to act. I think there have been many mistakes made along the way by a great many countries and political figures and by international organizations. But, clearly, in retrospect one of those important errors was the imposition of the arms embargo because it was a one-sided arms embargo. In effect, it applied only to the Bosnian government.

The Serbs had plenty of arms from the Yugoslavian Army. The Croats also managed to have sufficient arms and are acquiring more arms as we speak, but what has happened of course is that the Bosnian Muslims, the government of Bosnia, their forces have

almost no heavy weaponry. They have no artillery, they have no armored personnel vehicles, they have no tanks. That is practically true. The Bosnian Muslims have a minuscule amount. They have no ability to defend themselves.

Now, there are consequences which will flow from lifting the arms embargo. There are many questions. Will, in fact, the Serbian forces and perhaps the Croats accelerate their military action? Who will provide the arms? Who will pay for the arms? How will they be delivered? Will the Croats take a cutoff the top? Who will train the people?

All of those questions accrue. But I think, ladies and gentlemen, it comes down to the bottom line. It is morally indefensible for the United States to stop arms from flowing to the Bosnians who do not have the ability to protect themselves against the dramatic imbalance in force that exists today. That is what the bottom line is.

If we don't take this action, or give the President the opportunity to take the action, not knowing what the full consequences are, we are being placed in a morally indefensible position. Therefore, ladies and gentlemen, I think it is important that once we open this subject for debate, and it should have been opened long ago, the proper step is to vote for this amendment by the gentleman from Illinois.

Chairman HAMILTON. Mr. Burton.

Mr. BURTON. Thank you, Mr. Chairman. I will just take one brief moment to say that we had an amendment before the committee just a short time ago dealing with Kashmir and Punjab, and I want you to know that this is not been on the front pages of the papers around the world because there has been a veil, a secrecy around those countries put there by the Indian Government, and the problems in Punjab and Kashmir are no less severe than the ones we are talking about in Bosnia.

The only difference is you can't get a T.V. camera in there to take pictures of the atrocities that are taking place. I would just like to say to this committee, I will be glad to show you pictures of people being disemboweled, tortured and all the horrible things that are going on in Bosnia if you will just look at them because it is happening. And it seems to me unseemly that we pay attention to one part of the world where horrible atrocities are taking place and we ignore another one completely and let those people go on suffering.

Thank you, Mr. Chairman, for yielding.

Chairman HAMILTON. OK, any further discussion?

Ms. McKinney.

Ms. MCKINNEY. Mr. Chairman, I would just like to state my concerns that I have and, one, that I don't know where the figure of \$200 million comes from, but I am not certain that that would make any—

Mr. HYDE. It is in the bill. It is in the amendment.

Ms. MCKINNEY. I know. That is what I mean. How was it arrived at?

Mr. HYDE. A moderate limit. It wasn't going to be in the millions, just a moderate—it is arbitrary, but it is just not a lot.

Ms. MCKINNEY. Just as I suspected. And I am also concerned about the limited involvement that is called for here in this amend-

ment, and I can recall that the last time we engaged in incremental decisions and limited involvements, it was the morass of Vietnam, and I would certainly hope that we are not about to go down that path again.

Thank you, Mr. Chairman.

Mr. LANTOS. Will the gentle lady yield?

Ms. MCKINNEY. Yes, sir.

Mr. LANTOS. As always, I admire her intellect and her analytical capability and this is no exception. But let me say with all due respect that each of these historical situations is a unique historical situation. There are parallels always to Vietnam, but there are also parallels to Munich, and we always choose to take from the historical repertoire the particular historical example that fortifies our argument.

I do not think that this is a Vietnam quagmire, nor do I think that it is Munich. It is a relatively contained, Balkan war where so far the West has behaved with unconscionable indifference, and what this amendment, this proposal is attempting to do is to recapture at this admittedly late stage some modicum of integrity for the Western position.

I thank the lady for yielding.

Chairman HAMILTON. Mr. Rohrabacher.

Mr. ROHRBACHER. I will be very brief. The policy in the Balkans is reflected in the moral bankruptcy in terms of a policy of two administrations. So it is bipartisan moral bankruptcy in the Balkans as far as I am concerned. The arguments being presented today, one of them is if we lift the arms embargo, we are going to have more violence and more killing in the Balkans. That is absolutely wrong.

What is happening now and the reason we have had so much carnage and near genocide going on in the Balkans is one side has tanks and artillery, the other side does not, the people committing these acts of genocide are cowards. If they had to face someone on an equal footing, they would not commit the aggression and would not be committing the murders that they are. We should have ended this embargo a long time ago, and I fully support Mr. Hyde.

VOTE ON THE HYDE AMENDMENT

Chairman HAMILTON. Is there further discussion?

If not, the question is on the adoption of the Hyde amendment. All these in favor, signify by saying aye.

Those opposed, no.

Mr. LANTOS. On that, Mr. Chairman, I ask for a record vote.

Chairman HAMILTON. Clerk, call the roll.

Mr. VAN DUSEN. Mr. Hamilton.

Chairman HAMILTON. No.

Mr. VAN DUSEN. Mr. Gejdenson.

Mr. GEJDENSON. Aye.

Mr. VAN DUSEN. Mr. Lantos.

Mr. LANTOS. Aye.

Mr. VAN DUSEN. Mr. Torricelli.

[No response.]

Mr. VAN DUSEN. Mr. Berman.

Mr. BERMAN. Aye.

Mr. VAN DUSEN. Mr. Ackerman.

Mr. ACKERMAN. Aye.

Mr. VAN DUSEN. Mr. Johnston.

Mr. JOHNSTON. Parliamentary inquiry. Is this Mr. Hyde's amendment as amended?

Chairman HAMILTON. Yes.

Mr. JOHNSTON. Aye.

Mr. VAN DUSEN. Mr. Engel.

[No response.]

Mr. VAN DUSEN. Mr. Faleomavaega.

[No response.]

Mr. VAN DUSEN. Mr. Oberstar.

[No response.]

Mr. VAN DUSEN. Mr. Schumer.

[No response.]

Mr. VAN DUSEN. Mr. Martinez.

Mr. MARTINEZ. Aye.

Mr. VAN DUSEN. Mr. Borski.

Mr. BORSKI. No.

Mr. VAN DUSEN. Mr. Payne.

Mr. PAYNE. If you could come back.

The VAN DUSEN. Mr. Andrews.

Mr. ANDREWS. No.

Mr. VAN DUSEN. Mr. Menendez.

Mr. MENENDEZ. No.

Mr. VAN DUSEN. Mr. Brown.

Mr. BROWN. No.

Mr. VAN DUSEN. Ms. McKinney.

Ms. MCKINNEY. No.

Mr. VAN DUSEN. Ms. Cantwell.

Ms. CANTWELL. Aye.

Mr. VAN DUSEN. Mr. Hastings.

Mr. HASTINGS. No.

Mr. VAN DUSEN. Mr. Fingerhut.

Mr. FINGERHUT. Aye.

Mr. VAN DUSEN. Mr. Deutsch.

Mr. DEUTSCH. No.

Mr. VAN DUSEN. Mr. Wynn.

Mr. WYNN. No.

Mr. VAN DUSEN. Mr. Edwards.

Mr. EDWARDS. No.

Mr. VAN DUSEN. Mr. McCloskey.

Mr. MCCLOSKEY. Aye.

Mr. VAN DUSEN. Mr. Sawyer.

Mr. SAWYER. No.

The VAN DUSEN. Mr. Gilman.

Mr. GILMAN. Aye.

Mr. VAN DUSEN. Mr. Goodling.

[No response.]

Mr. VAN DUSEN. Mr. Leach.

Mr. LEACH. Aye.

Mr. VAN DUSEN. Mr. Roth.

Mr. ROTH. Aye.

Mr. VAN DUSEN. Ms. Snowe.

Ms. SNOWE. Aye.
 Mr. VAN DUSEN. Mr. Hyde.
 Mr. HYDE. Aye.
 Mr. VAN DUSEN. Mr. Bereuter.
 Mr. BEREUTER. Aye.
 Mr. VAN DUSEN. Mr. Smith.
 Mr. SMITH. Aye.
 Mr. VAN DUSEN. Mr. Burton.
 Mr. BURTON. No.
 Mr. VAN DUSEN. Mrs. Meyers.
 Mrs. MEYERS. No.
 Mr. VAN DUSEN. Mr. Gallegly.
 Mr. GALLEGLY. Aye.
 Mr. VAN DUSEN. Ms. Ros-Lehtinen.
 Ms. ROS-LEHTINEN. Aye.
 Mr. VAN DUSEN. Mr. Ballenger.
 Mr. BALLENGER. Aye.
 Mr. VAN DUSEN. Mr. Rohrabacher.
 Mr. ROHRABACHER. Aye.
 Mr. VAN DUSEN. Mr. Levy.
 Mr. LEVY. Aye.
 Mr. VAN DUSEN. Mr. Diaz-Balart.
 Mr. DIAZ-BALART. Yes.
 Mr. VAN DUSEN. Mr. Manzullo.
 Mr. MANZULLO. No.
 Mr. VAN DUSEN. Mr. Royce.
 Mr. ROYCE. Aye.
 Mr. VAN DUSEN. Mr. Schumer.
 Mr. SCHUMER. Aye.
 Mr. VAN DUSEN. Mr. Payne.
 Mr. PAYNE. No.

Chairman HAMILTON. Are there any other votes to be cast? The Clerk will announce the vote.

Mr. VAN DUSEN. Mr. Chairman, on this vote, 24 ayes and 15 nays.

Chairman HAMILTON. And the amendment is adopted. Mr. Bereuter.

BEREUTER AMENDMENT ON TRUST FUNDS

Mr. BEREUTER. Mr. Chairman, I have an amendment at the desk. I ask the amendment be read.

Chairman HAMILTON. The Clerk will report the amendment.

Mr. VAN DUSEN. Amendment to the committee print Part—

Chairman HAMILTON. Without objection, further reading of the amendment will be dispensed with, printed in the report in full.

[The amendment offered by Mr. Bereuter follows:]

AMENDMENT TO THE COMMITTEE PRINT—PRINT II OFFERED BY MR. BEREUTER

Page 48, line 18, after the quotation marks insert "(a) AUTHORITY TO RETAIN INTEREST.—"; page 49, line 8, strike the closing quotation marks; and after line 8, insert the following:

"(b) LIMITATION ON ENDOWMENTS.—Any grant agreement entered into after, the date of enactment of this section to establish an endowment pursuant to the authority of subsection (a)(1) shall provide that—

"(1) the grant proceeds shall be maintained in a separate account;

"(2) the agency primarily responsible for administering part I may terminate at any time, in its sole discretion, the endowment and recover endowment principal equal to the amount of such grant; and

"(3) unless the authority described in paragraph (2) has been exercised, not later than 20 years after the date of such grant—

"(A) the endowment shall be terminated, and

"(B) all funds in the endowment and all interest earned as a result of the endowment shall be expended for the purpose for which the assistance was provided, or returned to the government of the United States.

Chairman HAMILTON. The Chair recognizes Mr. Bereuter in support of his amendment.

Mr. BEREUTER. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Bereuter, would you suspend just a moment. I want to advise Members that so far as I know, we have three amendments remaining, one of which we will handle very quickly, but one of which is Mr. Bereuter's so we are beginning to see the end here.

Mr. Bereuter, thank you. You are recognized.

Mr. BEREUTER. Thank you very much, Mr. Chairman.

My amendment is prompted by a concern that we are capitalizing endowments, and that once we capitalize an endowment, we may, unless our authority is carefully worded, lose all control over how those funds are expended, and I believe that when the American taxpayer sees the allocation of their funds through the foreign aid program, they expect us to conduct oversight.

If we are not careful, several things can happen. One, we lose an opportunity to exercise that oversight and we lose it in perpetuity. It is possible that the funds that we put into endowments go on and on and perhaps are misused and not used at all for things that the American people might agree with.

Secondly, if this capitalization of endowment funds to governmental organizations or governments, nongovernmental or other kinds of entities is overused, Congress really loses some ability to influence policy, foreign policy. So I would hope and caution my colleagues that we need to watch the evolution of the use of capitalization of endowment funds.

But I have been able to work with the distinguished chairman of the subcommittee, Mr. Gejdenson, and members of the administration on a partial solution to the concerns that I have, and what I have attempted to do is to enshrine some of the criteria that they are applying administratively, but only to nongovernmental organizations. We are not sure of the implications of taking it to endowments that might be created beyond nongovernmental organizations.

So what this amendment will do is to provide that the capitalization of any endowments going to nongovernmental organizations be separable, identifiable and be capable of being withdrawn at any time that the agency involved in oversight, executive branch, feels that they are being misused. They can do that, they assure me, by the use of U.S. Governmental instruments. So they will have that authority under this amendment as they do in the criteria they are now applying to terminate this endowment and ask for the return of the capital which is identifiable and retrievable.

Secondly, that the endowment shall be terminated after the completion—or terminated no later than 20 years, either expended for

the purposes for which the endowment is created or returned to the U.S. Government, the residue being returned to the U.S. Government.

So I think that it attempts to give us directly and especially indirectly through the executive branch some oversight of how the funds for these endowed organizations will be utilized.

Mr. GILMAN. Will the gentleman yield?

Mr. BEREUTER. I would be pleased to yield.

Mr. GILMAN. I want to commend the gentleman from Nebraska for pointing out some important aspects of the environmental trust fund and I think he has raised some good issues.

I was pleased he was able to work it out with the Majority, and I think it is a worthy contribution to this measure, and urge my colleagues to support it.

Mr. BEREUTER. I thank the distinguished gentleman. I would say that while the initial concern was about environmental trust funds, this amendment is written to apply to all trust funds prospectively for any purpose going to nongovernmental organizations.

Chairman HAMILTON. Mr. Gejdenson.

Mr. GEJDENSON. Mr. Chairman, as always, Mr. Bereuter is a very tough individual to deal with but it is never unpleasant. Even I have to admit that he may have improved the product somewhat. I would be happy to accept his amendment.

Chairman HAMILTON. I want to express my appreciation to both Mr. Gejdenson and Mr. Bereuter in the manner in which they worked on this. I think they made a constructive contribution to the bill.

The question is on the amendment. All in favor say aye. Those opposed, no. The ayes have it. The amendment is adopted.

ROHRABACHER AMENDMENT ON CORPORATION CONTRACTS

Mr. Torricelli, let's go to Mr. Rohrabacher with his amendment. Mr. Rohrabacher. The Clerk, if you will hold for just a moment. The Clerk will distribute the amendment and the Clerk will report the amendment.

Mr. VAN DUSEN. Amendment offered by Mr. Rohrabacher, at an appropriate place, insert the following: Reduction in allocation of assistance to countries that contain government corporations that enter into contracts with the United States.

Chairman HAMILTON. Without objection, further reading of the amendment will be dispensed with, printed in the record in full, and open for amendment. The Chair recognizes Mr. Rohrabacher in support of his amendment.

[The amendment offered by Mr. Rohrabacher follows:]

AMENDMENT OFFERED BY MR. ROHRABACHER

At an appropriate place, insert the following:

SEC. —. REDUCTION IN ALLOCATION OF ASSISTANCE TO COUNTRIES THAT CONTAIN GOVERNMENT CORPORATIONS THAT ENTER INTO CONTRACTS WITH THE UNITED STATES.

(a) IN GENERAL.—Notwithstanding any other provision of law, the President shall reduce the amount of assistance allocated to any country in a fiscal year by an amount equal to the value of a United States contract to a corporation owned, controlled, or subsidized by the government of such country.

(b) DEFINITIONS.—For purposes of this section, the following definitions apply:

(1) ASSISTANCE.—The term "assistance" means assistance provided pursuant to any foreign assistance appropriations Act.

(2) UNITED STATES CONTRACT.—The term "United States contract" means a contract entered into with the United States.

(c) EFFECTIVE DATE.—Subsection (a) shall apply with respect to contracts entered into on or after the date of the enactment of this Act.

Mr. ROHRABACHER. Mr. Chairman, I am offering an amendment to even the playing field for American companies and American workers to prevent them from having to compete against their own tax dollars even to see their tax dollars being used to subsidize their competition, putting them out of work.

Many workers in my area of California have lost their jobs when foreign firms subsidized by their government underbid them in competition for U.S. Government contracts. At least that is the way it seems and it deserves to be looked into. This wouldn't be a problem if those same governments didn't receive foreign aid from the United States.

So the situation is that. Americans pay their tax dollars to subsidize someone else to take their jobs. This situation I fear is not only limited to California, and we may have put looked the other way during the cold war, but defense and aerospace jobs are too scarce now to continue to pay foreign governments to put Americans out of work. These State-owned companies should be privatized if they want to compete for American Government contracts.

To prevent these government-owned companies from taking American jobs, we should reduce foreign aid to such countries by the exact amount of any contract signed between a subsidized foreign company and a U.S. Government agency or department.

There is the argument that if we want to encourage business in those countries that are receiving foreign assistance, that commerce is in fact the best kind of foreign aid we are told. Well, this is not so if the result is to make specific companies in the United States and specific workers pay for America's development strategy in other countries with their own jobs and their own corporate well-being.

The bottom line is that money is fungible. Countries receiving our foreign aid should not be using it to subsidize business enterprises which then compete with American companies for U.S. Government contracts. That is the principle.

All we are trying to do in this amendment is set down that principle and then we can find out if there are companies and corporations and governments violating this concept.

To do otherwise and to continue to allow foreign governments that are receiving foreign aid to subsidize businesses in competition with their own companies is unfair to our own citizens, unfair to our own companies, and during a time of high unemployment, is unfair to our people as a whole.

My amendment would help correct the situation, would focus people's attention on it, and perhaps make things better for some people in these hard times in California.

Chairman HAMILTON. May we have the State Department comment on this amendment? Is there anyone here who can comment on it?

Ms. SHERMAN. We appreciate some of the concerns that Mr. Rohrabacher has presented to the committee. Nonetheless, our concern is that it is not clear what the consequences of this would be. This is basically any contract that we have with any government, with any company, and any corporation owned, controlled or subsidized by the government of such country, and I don't think any of us know what that means, who is involved, what the consequences of such would be, and it leaves it quite open-ended, and quite sweeping, and I am not quite clear who this is and how it gets enforced, or what its implications are, and I think it would make it very hard to do business as the Government of the United States.

Mr. ROHRBACHER. Mr. Chairman.

Chairman HAMILTON. Mr. Berman has a question.

Mr. BERMAN. Yes. Madam Secretary, if a company partly or completely controlled by a foreign government is providing a technology or a product that is otherwise not available to us, which is essential for our defense, I read this language as if the United States decides to procure that technology, unavailable to it from any U.S. company, it must—this amendment forces aid to that government to be reduced by the amount of that contract?

Ms. SHERMAN. That is indeed how this appears to be read, yes.

Mr. BERMAN. Well, I think this amendment is far too sweeping and totally contrary to a provision in the foreign aid bill that allows \$40 million of offshore procurement. This amendment is not tailored to deal with that.

Mr. ROHRBACHER. I would be willing to accept an amendment that said if there was no American competitor that it was not applicable. This is to protect American companies that are being underbid by companies that are being subsidized by our own tax dollars.

Lay that down in principle and then let, you know, let the State Department and the lawyers figure out who is in violation, but let's set down the law.

Mr. BERMAN. One could keep going through this finding—what if it is a government-backed, foreign corporation that is doing its manufacturing in the United States and the U.S. company that is losing the contract is doing its manufacturing abroad?

This gentleman's amendment would penalize the company doing the work in the United States but exempt the corporate ownership of a company in United States that does the work abroad. All I am suggesting is that as one thinks about it, one can—

Mr. GEJDENSON. Will the gentleman yield? My office is working on just such a case where an American company that actually manufactures overseas is taking a bid away from a foreign company that manufactures in my district. So it is a very complicated situation.

I would hope the gentleman would hold his amendment and maybe something could be worked out with the administration and those of us that obviously share the same concerns that wouldn't end up exploding on us. I certainly wouldn't want ownership alone to be the issue; I would like to know where the workers are that do the job.

Mr. ROHRBACHER. If I might answer a few of these problems.

Chairman HAMILTON. Mr. Rohrabacher.

Mr. ROHRABACHER. I do not believe, and we can play reality games all we want. Yes, reality is very complicated, thus, let's not do anything. I mean that is what we are basically hearing here, and I can—what I am talking about is setting down a fundamental principle in law, and perhaps the corporation that Mr. Gejdenson is talking about, I mean that example, with all due respect, is irrelevant unless that corporation is receiving a subsidy from the government that is receiving foreign aid.

The principle should be that we don't give money to governments who turn around and subsidize corporations who throw our people out of work. There is nothing complicated about that. Let's set down that principle in law. There is nothing wrong with setting down a principle, even though the application, yes, might be complicated. But that is no excuse for straying away from our responsibility to set down these principles so that our corporations and our people don't find themselves put out of business with their own tax dollars.

Mr. GEJDENSON. Will the gentleman yield?

Mr. ROHRABACHER. Yes, certainly.

Mr. GEJDENSON. I think the gentleman's earnest in his desire and I think we all share it. I just think it is very dangerous, and the fact that, yes, this is a complicated world has to be addressed.

You know, at one point it was easier to publicize that the world was flat. It was much more difficult for people to try to explain the curvature of the globe. The reality was that saying the world was flat wasn't going to fix it.

Saying that there is a simple solution to the very complex interrelationships of various governments and various American corporations and then setting it aside saying, "Gee, I would like to solve it," doesn't address the issue.

If we have some time here, I would hope the gentleman would sit down and I think we can work something out.

Chairman HAMILTON. Mr. Rohrabacher, I think the feeling of several of us here is that your principle may be a good one, but we just don't understand the impact of the amendment and how it is going to affect various countries and various corporations.

So I want to indicate to you, I am quite willing to pursue it with you, but I am afraid I am not able to support your amendment.

Mr. ROHRABACHER. Well, I am very willing to put everybody on record in this committee as to whether or not they believe that foreign governments subsidized by our dollars should subsidize our people out of their jobs, and I am very happy to put everybody on record in this committee on whether or not they believe in that principle.

VOTE ON THE ROHRABACHER AMENDMENT

Chairman HAMILTON. Is there further discussion of the amendment? If not, the question is on the adoption of the Rohrabacher amendment.

All those in favor signify by saying aye. Those opposed, no. In the opinion of the Chair, the nos have it. The amendment is not agreed to.

Mr. ROHRABACHER. Mr. Chairman, I would request a roll call vote.

Mr. VAN DUSEN. Mr. Hamilton.

Mr. HAMILTON. No.

Mr. VAN DUSEN. Mr. Gejdenson.

Mr. GEJDENSON. No.

Mr. VAN DUSEN. Mr. Lantos.

[No response.]

Mr. VAN DUSEN. Mr. Torricelli.

Mr. TORRICELLI. No.

Mr. VAN DUSEN. Mr. Berman.

Mr. BERMAN. No.

Mr. VAN DUSEN. Mr. Ackerman.

Mr. ACKERMAN. No.

Mr. VAN DUSEN. Mr. Johnston.

Mr. JOHNSTON. No.

Mr. VAN DUSEN. Mr. Engel.

[No response.]

Mr. VAN DUSEN. Mr. Faleomavaega.

[No response.]

Mr. VAN DUSEN. Mr. Oberstar.

[No response.]

Mr. VAN DUSEN. Mr. Schumer.

Mr. SCHUMER. No.

Mr. VAN DUSEN. Mr. Martinez.

[No response.]

Mr. VAN DUSEN. Mr. Borski.

[No response.]

Mr. VAN DUSEN. Mr. Payne.

Mr. PAYNE. No.

Mr. VAN DUSEN. Mr. Andrews.

Mr. ANDREWS. No.

Mr. VAN DUSEN. Mr. Menendez.

Mr. MENENDEZ. No.

Mr. VAN DUSEN. Mr. Brown.

[No response.]

Mr. VAN DUSEN. Ms. McKinney.

[No response.]

Mr. VAN DUSEN. Ms. Cantwell.

[No response.]

Mr. VAN DUSEN. Ms. McKinney.

Ms. MCKINNEY. No.

Chairman HAMILTON. McKinney votes no.

Mr. VAN DUSEN. Ms. Cantwell.

Ms. CANTWELL. No.

Mr. VAN DUSEN. Mr. Hastings.

Mr. HASTINGS. No.

Mr. VAN DUSEN. Mr. Fingerhut.

Mr. FINGERHUT. No.

Mr. VAN DUSEN. Mr. Deutsch.

Mr. DEUTSCH. No.

Mr. VAN DUSEN. Mr. Wynn.

Mr. WYNN. No.

Mr. VAN DUSEN. Mr. Edwards.

[No response.]

Mr. VAN DUSEN. Mr. McCloskey.

Mr. McCLOSKEY. No.

Mr. VAN DUSEN. Mr. Sawyer.

Mr. SAWYER. No.

Mr. VAN DUSEN. Mr. Gilman.

Mr. GILMAN. No.

Mr. VAN DUSEN. Mr. Goodling.

[No response.]

Mr. VAN DUSEN. Mr. Leach.

[No response.]

Mr. VAN DUSEN. Mr. Roth.

[No response.]

Mr. VAN DUSEN. Ms. Snowe.

[No response.]

Mr. VAN DUSEN. Mr. Hyde.

Mr. HYDE. Aye.

Mr. VAN DUSEN. Mr. Bereuter.

Mr. BEREUTER. Aye.

Mr. VAN DUSEN. Mr. Smith.

Mr. SMITH. Yes.

Mr. VAN DUSEN. Mr. Burton.

Mr. BURTON. Aye.

Mr. VAN DUSEN. Mrs. Meyers.

Mrs. MEYERS. Aye.

Mr. VAN DUSEN. Mr. Gallegly.

Mr. GALLEGLY. Aye.

Mr. VAN DUSEN. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. No.

Mr. VAN DUSEN. Mr. Ballenger.

Mr. BALLENGER. Aye.

Mr. VAN DUSEN. Mr. Rohrabacher.

Mr. ROHRABACHER. Aye.

Mr. VAN DUSEN. Mr. Levy.

Mr. LEVY. Aye.

Mr. VAN DUSEN. Mr. Manzullo.

Mr. MANZULLO. No.

Mr. VAN DUSEN. Mr. Diaz-Balart.

Mr. DIAZ-BALART. No.

Mr. VAN DUSEN. Mr. Royce.

[No response.]

Mr. VAN DUSEN. Mr. Andrews.

Mr. ANDREWS. No.

Mr. VAN DUSEN. Mr. Torricelli.

Mr. TORRICELLI. No.

Chairman HAMILTON. The Clerk will announce the vote.

Mr. VAN DUSEN. Mr. Chairman, on this vote there were 9 ayes and 21 nays.

Chairman HAMILTON. The amendment is not agreed to.

TORRICELLI AMENDMENTS ON ADDITIONAL INELIGIBILITY CRITERIA FOR ASSISTANCE TO THE INDEPENDENT STATES OF THE FORMER SOVIET UNION BASED ON ACTIONS WITH RESPECT TO CUBA

Mr. Torricelli is recognized. I think this is for an en bloc amendment and I think it is the last amendment. Mr. Torricelli.

Mr. TORRICELLI. Mr. Chairman, I actually have two amendments at the desk and I would ask unanimous consent they be considered en bloc.

Chairman HAMILTON. Without objection, further reading of the amendment will be dispensed with, printed in the record in full, open for amendment and you may consider them en bloc.

The gentleman is recognized for 5 minutes in support of the amendment.

[The amendment offered by Mr. Torricelli follows:]

AMENDMENT TO THE FOREIGN ASSISTANCE ACT OFFERED BY MR. TORRICELLI

NEW INELIGIBILITY REQUIREMENT FOR ASSISTANCE UNDER THE FREEDOM SUPPORT ACT

(6) for the government of any independent state that the President determines is providing assistance for, or engaging in "non-market based trade" with the government of Cuba. Non-market based trade includes exports, imports, exchanges, or other arrangements that are provided for goods and services, including oil and other petroleum products, on terms more favorable than those generally available in applicable markets or for comparable commodities, including:

- exports to the government of Cuba on terms by grant, concessional price, guaranty, insurance, or subsidy;
- imports from the government of Cuba, at preferential tariff rates; and
- exchange arrangements that include advance delivery of commodities, arrangements in which the government of Cuba is not held accountable for unfulfilled exchange contracts, and arrangements under which Cuba does not pay appropriate transportation, insurance, or finance costs.

(subject to a Presidential national interest waiver)

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. TORRICELLI

In the section relating to assistance for the independent states of the former Soviet Union add the following:

() CUBA.—

(1) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(A) the acts of the Castro government, including its massive, systematic, and extraordinary violations of human rights, are a threat to international peace;

(B) the President should advocate, and should instruct the United States Representatives to the United Nations to support and consult with members of the Security Council with respect to, a mandatory international embargo against the totalitarian government of Cuba pursuant to Chapter VII of the Charter of the United Nations, which is similar to consultations being conducted by United States Representatives with respect to Haiti; and

(C) any resumption of efforts by any independent state of the former Soviet Union to make the nuclear facility at Cienfuegos operational will have a serious impact on United States assistance to such state.

(2) REPORTING REQUIREMENT.—The President shall submit to the Congress, not later than 90 days after the date of enactment of this Act, a report detailing progress towards the withdrawal of personnel of any independent state of the former Soviet Union (including advisors, technicians, and military personnel) from the Cienfuegos nuclear facility in Cuba.

(3) ADDITIONAL CRITERIA FOR ASSISTANCE.—Section 498A(a)(11) of the Foreign Assistance Act of 1961 is amended by striking "facilities" and inserting "and nuclear facilities at Lourdes and Cienfuegos".

Mr. TORRICELLI. Mr. Chairman, I offer this amendment. However, it is due to work with your good offices and your staff that

we came to what I think is reasonable language. In no small part I am indebted to Ileana Ros-Lehtinen, Lincoln Diaz-Balart and of course Bob Menendez and other members of the committee who participated in bringing this forward.

Our case, Mr. Chairman, as you know is easily stated. There isn't a member of this committee, a person in this Congress who in good faith could go home to his or her district and announce the good news that we are giving aid to Russia and they, in turn, will be providing it to Cuba. If the United States wants to provide foreign assistance to Cuba, the most efficient way to do so is directly. It is, however, not our intention to do so. And there is the legitimate question today in the providing of oil to Cuba, which is maintaining the Castro dictatorship more than any other single commodity, and whether indeed that is being provided at a market price.

We do not intend to interfere with the internal affairs of any country. While we would hope that others would agree with us in our embargo on Cuba, we recognize the reality that they do not. We simply state the Russians must engage in only commercial trade with the Cubans. They can sell them anything they want if they are getting a fair market value. But we will not stand for the fiction of our giving aid to Russia and their using that aid to help subsidize the Cubans.

And so indeed, all that we ask is that the President make a determination, taking into account the price of the sugar that is being bartered for Russian oil, the cost of its transportation, insurance and finance, and determining that this approaches the market price that is currently available in the world. The President and the Russians would be fully within their rights. But we ask for that determination.

I think, Mr. Chairman, that is a fair request. And of course, under provisions of the Freedom Support Act currently enacted, you, as Chairman of the committee, would be notified and would be asked for your own judgments.

In addition to these provisions, Mr. Chairman, which we have worked out with your office, Ileana Ros-Lehtinen has provided some additional language. At this point I would like to yield to her in order to explain the language.

Ms. ROS-LEHTINEN. Thank you very much, Congressman Torricelli, as always, for your visionary help on the issue of Cuba, and thank you, Mr. Chairman, for your support for this en bloc amendment. This certainly touches on the key issues that goes toward the downfall of the Castro regime and that is the market-based trade, the issue of the embargo, the nuclear plant in Cienfuegos, the intelligence facility in Lourdes, and yes, the Russians appear to be pulling out of Cienfuegos and Lourdes, but only due to their tough economic situation in the new Soviet Republics, which is not entirely due to a changed attitude.

What if the Russian economy improves? Will the buildup of advisors, technicians and military personnel once again increase in Cienfuegos and Lourdes? Probably yes. So this will allow us to resolve the Russian withdrawal process at the nuclear facility and at the intelligence facility and would at least have a sense of Congress that making the plant operational will be negative for further aid,

and I thank Congressman Torricelli again and the chairman for their help.

Chairman HAMILTON. The Chair wants to express appreciation to the chairman of the Western Hemisphere Subcommittee and to Ms. Ros-Lehtinen and to Mr. Diaz-Balart. They have been working hard on this most of the day.

I am very appreciative of the fact that they have come to an agreement on it. I think it is appropriate for the committee to express its concerns about Cuba. The Chair understands that the administration has some concerns about this, so obviously we will have to take those into account as we move down the road. But the initiative by the people I have identified as well as others on the committee, the Chair is most grateful to.

Is there any further discussion? Mr. Berman.

Mr. BERMAN. Mr. Chairman, I expect that this will pass, but I am going to oppose it. I think it is wrong for Russia to subsidize Cuba; I think it is wrong for Russia not to let out all of the refuse-niks that still remain in Moscow, but I think Russia is a country with 30,000 nuclear weapons going through incredible changes.

I can't think of a more important international issue than doing what we can do to help them make this transformation, given the billions and tens of billions and trillions, literally that we have spent in defense. I just want to close with a story.

There is a sign in the office of the well-known Indiana University basketball coach, I say that for you, Mr. Chairman, Bobby Knight, that reads, don't chase the rabbits. If you chase the rabbits, the elephants will kill you. The other foreign policy issue—

Chairman HAMILTON. It sounds pretty persuasive to me.

Mr. BERMAN [continuing]. That compete for the attention of the President—

Chairman HAMILTON. Does he mean Republicans?

Mr. BERMAN. These other issues are rabbits. Russia is an elephant. I think we shouldn't be providing hard conditions on what is the most important thing we can do in this Congress in the international area.

Chairman HAMILTON. The Chair understands that all three existing waiver provisions to the Freedom Support Act on ineligibility provisions apply. Am I correct in that understanding?

Mr. TORRICELLI. Yes.

Chairman HAMILTON. All right. Thank you.

Are there any further discussion? If not, the question occurs on the Torricelli amendment. All in favor say aye. Opposed, no. In the opinion of the Chair the ayes have it. The ayes have it and the amendment is agreed to.

Are there any further amendments to Division B of the bill?

If not, the question occurs on the committee print as amended. All those in favor signify by saying aye. Those opposed, no. In the opinion of the Chair the ayes have it, and the committee print is amended as agreed to.

Mr. GILMAN. Mr. Chairman, I request the customary 3 days to submit Minority supplemental—

Chairman HAMILTON. The request is granted.

The question now occurs on H.R. 2333, as amended, by the committee print. All those in favor signify by saying aye. Those op-

posed, no. The ayes have it. In the opinion of the Chair, the ayes have it. H.R. 2333, as amended, is agreed to.

Without objection, the staff can make technical and conforming changes as necessitated by the amendments.

It would be the Chair's intention to file a report on this legislation on Friday. To meet that schedule, the Chair would request that any additional views on either part be submitted to the full committee no later than noon Friday.

I express my appreciation to all members of the committee for their cooperation, and we stand adjourned.

[Whereupon, at 5:20 p.m., the committee was adjourned.]

TESTIMONY OF AMBASSADOR STROBE TALBOTT

BEFORE THE

FOREIGN AFFAIRS COMMITTEE

HOUSE OF REPRESENTATIVES

April 21, 1993

Mr. Chairman and distinguished members of the Committee: Thank you for the opportunity to begin a dialogue on the President's policy toward Russia and the other new independent states.

Before discussing the specifics of that policy, I want to take a moment to commend the many Members of this Committee for the leadership they have shown in support of Russia and the other NIS. I especially want to mention the work that Chairman Hamilton has done. He was kind enough to share with me some of the observations he had for the President before the Vancouver Summit. I hope we can continue to count on the benefit of the Chairman's and other Committee members' insight on these issues.

The task of your Committee, Mr. Chairman, is to draft legislation, just as the task of our Administration is to craft policy. But on the issue before us in this hearing, what we are really doing -- what we are doing together -- is nothing less than helping to shape history.

There have been three great struggles in this century. The first was World War I, a conflagration that ignited the Russian Revolution of 1917; the second was the world war against fascism and imperialism of 1939-1945; the third was the cold war against Soviet communism and expansionism.

Now a fourth great struggle is underway in Eurasia. It pits those who brought down the Soviet communist system against those who would like to preserve its vestiges if not restore its essence. It pits those who are determined to build a proud future against those who are clinging to a cruel and shameful past. In short, it pits reform against reaction.

We have a stake in the outcome of that struggle. Until now, many American's have been led to see our stake primarily in terms of what we do not want to happen: We do not want economic distress and political turmoil to trigger a civil war that could rage across eleven time zones; we do not want a nuclear Yugoslavia in the heart of Eurasia; nor do we want to see the rise of a new dictatorship that represses its people, threatens its neighbors, and requires the United States and its allies to return to a Cold War footing.

Mr. Chairman, while those concerns are entirely valid, I believe we need to think of our objectives in much more positive terms: An investment now in the heroic effort of these new democracies to restructure their economies will pay dividends down the road. A Russia, a Ukraine, a Kazakhstan fully integrated into the international economy will be a reliable source for raw materials and manufactured products, a reliable market for American goods and services, and a reliable partner in diplomacy and in dealing with global threats to human welfare and the environment.

In other words, Mr. Chairman, our policy should not be only to prevent the worst that can happen, but should focus on nurturing the best. Russia is undergoing a transformation in its very nature as a state. We, therefore, should undertake a corresponding transformation in the role we play. Having successfully led an international coalition against the Soviet Union for nearly half a century, we must now lead a strategic alliance with post-Soviet reform.

A strategic alliance implies a policy intended to serve us, and our allies, for a long time. And so ours must.

Yet while taking the long view, our Administration has also had to act quickly. The beginning of this Administration has coincided with a crisis in Russian politics. Exactly one month after President Clinton's inauguration here in Washington, President Yeltsin threw down the gauntlet in Moscow before a parliament that is dominated by reactionaries.

Four days from now, on April 25, Mr. Yeltsin faces a referendum in which the Russian people will express their views on his leadership, on his economic policies and on whether there should be new presidential and parliamentary elections.

We all hope that the referendum will strengthen the reformers' ability to pursue their course. We want the Russian people to understand that the world stands with them as they make the transition from communism to democracy and free markets.

But we recognize that April 25 may not be conclusive, either for better or for worse. And the referendum alone is unlikely to end the struggle between competing interests and conflicting visions.

Both on April 25 and in the months, and years, that follow, the showdown between the reformers and the reactionaries will be waged largely over the issue of which camp represents the interests of the Russian people. One of the main reasons that President Yeltsin is embattled today is that too many Russians

identify reform with hardship -- with skyrocketing prices, falling living standards, and deteriorating social order.

Unless the reformist government is able to build a broader and more active constituency for its policies in the months to come, those policies -- and that government -- will be in jeopardy.

Thus, the Administration has had to move boldly, in a way that reflects our sense of urgency yet demonstrates our commitment to the long haul. In what we have done already, and in what we are asking you to do now, as you go about drafting foreign-aid legislation in the weeks ahead, the United States must advance two objectives:

First, we must do what we can from the outside to make the benefits of reform visible and tangible to the people on the inside -- that is, average Russians -- and to do so as soon as possible.

Second, we must find targets for support that will last, that represent trends we hope will become irreversible, so that we are supporting an on-going process that can survive the buffeting of political and economic setbacks.

While the first of these objectives is short-term and the second is long-term, they are, we believe, entirely compatible. Indeed, they are mutually reinforcing.

We believe that both objectives are evident in the four steps the Administration has taken in support of reform: the \$1.6 billion initiative that President Clinton unveiled in Vancouver on April 4; the \$28.4 billion package of multilateral measures to which the G-7, led by the United States, committed itself last week; the additional \$1.3 billion in bilateral programs that the Administration announced at the same time; and, finally, the \$704 million FREEDOM Support Act component of the FY '94 budget.

Let me say a bit about each.

At the conclusion of the Vancouver summit two weeks ago yesterday, the President announced a plan for accelerating, intensifying and redirecting existing programs so that their benefits will be apparent to the Russian people this year. Moreover, the Vancouver package is intended to meet the key needs that the Russian reformers themselves have identified: in the areas of energy and environment, housing, exchanges, private-sector development, and trade and investment activities.

The Vancouver package also included \$700 million in concessional loans for food sales, which permit a resumption of U.S. food exports to Russia.

It has been President Clinton's determination from the outset to use U.S.-Russian bilateral cooperation as a catalyst to multilateral support for Russian reform.

In that spirit, ten days after the Vancouver summit, Secretary of State Christopher and Secretary of the Treasury Bentsen traveled to Tokyo for a meeting of the Group of Seven. The Tokyo meeting delivered a clear message of support for Yeltsin and the reform movement. That support took the form of a commitment on behalf of the G-7 to help Russia restructure key sectors of its economy, divest itself of inefficient state enterprises, finance critical imports and stabilize its currency.

Significantly, the Tokyo meeting was the first joint meeting of finance and foreign ministers in the history of the G-7. It was intended to underscore the connection between politics and economics in Russia: market reform is likely to succeed only in a pluralistic society governed by the rule of law; democracy is more likely to thrive in a vibrant economy.

Tokyo also demonstrated two vital themes in this Administration's policy: first, that we, the United States, are in partnership with our fellow industrial democracies; second, that we, the industrial democracies, are in partnership with the Russian reformers who are trying to transform their country into an industrial democracy in its own right. Just as the contents of the Vancouver package reflected the discussions between Presidents Clinton and Yeltsin, so the contents of the Tokyo package reflected what Foreign Minister Kozyrev and Deputy Prime Minister Federov told Secretaries Christopher and Bentsen and their assembled G-7 colleagues: namely, that Russia needs Western help to maintain the pace of reform.

Minister Federov and his colleagues were actively involved in the discussions leading up to Tokyo. They helped shape a number of the elements of the multilateral package. Their involvement focused the G-7 effort on developing a realistic set of short- and medium-term objectives for reform. Ministers Fedorov and Kozyrev participated fully in the second day of the G-7 meetings. The G-7, in turn, made clear to the Ministers that it is up to the Russians themselves control inflation before our support can be effectively used.

The Tokyo G-7 package includes approximately \$4 billion in fast-disbursing funds from the International Monetary Fund and World Bank. These are targeted at the primary objectives of

reigning in the credit policies of the Russian Central Bank and providing critical imports to slow the economic contraction. Disbursements could be made in a matter of weeks. They would allow the Russian government to undertake some of politically tough measures necessary to stabilize the economy.

These initial steps would, we hope, yield substantial progress in the campaign against inflation. The government could then translate success on that critical front into a more comprehensive economic stabilization program. The G-7 has agreed to support \$10 billion over the coming year for this endeavor. This includes \$4 billion for a new IMF standby program and a renewed commitment to a \$6 billion currency stabilization program.

Unlike last year's G-7 program to support Russian reform, this year's program sets what we believe to be realistic standards for Russian performance. The Russian economy must walk before it can run. Each incremental step must be matched by prompt, demonstrable benefits to the Russian economy -- and to the Russian people.

The third component of multilateral support is directed toward reforms in specific sectors of the economy. While long-term viability depends on the success of the stabilization program, efforts in sectors like energy and agriculture, can compliment and enhance the stabilization program by increasing foreign exchange earnings and making improvements in the local market visible to the general population. In Tokyo, the G-7 leaders committed \$14 billion to this effort, most of it in the form of new export credits.

The U.S. has already made a significant contribution in this area. In Tokyo we announced with the Russians an agreement on a \$2 billion EXIM framework for export credits in the oil and gas industry. The U.S. equipment and services financed under this agreement will substantially increase Russian exports and foreign exchange earnings. At the same time, there will be benefits here at home. The first tranche of \$500 million in guarantees alone will support thousands of jobs in U.S. companies that were hit hard by the recent recession.

We also laid the groundwork at Tokyo for a number of what we believe to be promising additional multilateral measures.

We hope to persuade the G-7 to join us in providing assistance for the safe dismantlement and destruction of nuclear weapons in keeping with the terms of international agreements. We were pleased that the Japanese announced last week that they will contribute \$100 million toward this end, but we think more

needs to be done by them and by other G-7 members. We agreed in Tokyo to establish a working group on how to expand the nuclear-weapons dismantlement program by the July G-7 summit.

The second new proposal put forward by the United States at Tokyo was for the creation of a Special Privatization and Restructuring Fund. This fund -- which is an American idea strongly endorsed by the Russian reformers -- would help ease the economic and social consequences of privatizing some of the more than 20,000 medium- and large-scale enterprises.

The fund would help make the newly privatized firms self-sustaining with loans to modernize plants, retraining for workers, and technical assistance to managers who are making the adjustment to operating in a market economy.

The Russian economy and society are cursed by huge -- and hugely inefficient -- state-owned enterprises that utterly dominate entire cities. The Special Privatization and Restructuring Fund would be used to help municipal governments in these one-company towns cope with the consequences of breaking up and selling off these monoliths. Outlays from the fund could be used to invest in local infrastructure to support the smaller, newly privatized companies and the communities of which they are a part.

To be effective on ground, this program must be carefully targeted, phased, and monitored. The funds would be directed toward enterprises and communities that are selected as the most promising and deserving.

The U.S. proposed in Tokyo that the G-7 create a Support Implementation Office. The office would be headed by a person with strong administrative and managerial capabilities, as well as experienced in Russian affairs, and with a small staff of technical experts. This office would also be responsible for working with the Russian reformers to remove bureaucratic obstacles to implementation of G-7 programs, and for ensuring that Western funds are spent effectively.

At Tokyo, the U.S. told the G-7 that the Administration would seek from Congress \$500 million for the Privatization Fund as a "challenge grant," to be matched by at least \$1.5 billion in contributions from other countries, as well as up to \$2 billion in co-financing by the World Bank and the European Bank for Reconstruction and Development.

Here again, Mr. Chairman, please note one of the central elements of our policy: The U.S. is not only demonstrating its leadership -- it is using that leadership to leverage from the

international community considerably more money than we are putting on the table ourselves.

The G-7 has agreed to establish a working group on the Special Privatization Fund, with a view toward making a decision by the July summit.

Finally, Mr. Chairman, let me say a bit about the new package of U.S.-Russian bilateral initiatives that President Clinton announced simultaneously with the G-7 meeting.

You will recall that at Vancouver, the President indicated his intention to go beyond the \$1.6 billion program he announced there. He would, he said, seek additional funds for certain high-priority areas after he had a chance to take into account what he had heard from President Yeltsin -- and what he learned from further consultations with Congress. The congressional consultations have begun in earnest, and I regard my appearance before you here today as part of that process.

The Administration is committed to seeking approximately \$1.3 billion in additional bilateral assistance to support reform in Russia and the new independent states. Those funds would be used to strengthen programs in the priority areas of energy and environment, housing, the private sector, exchanges, trade and investment, and humanitarian assistance. How exactly the \$1.3 billion will be apportioned is still a matter we are discussing. Our discussion will, as I just indicated, depend in significant measure on our deliberations with you and your colleagues, both on the details of the package and on the appropriate funding mechanisms.

While I cannot, therefore, get into a detailed breakdown of the package, I can say a bit more about the areas on which we intend to concentrate.

In energy and environment, a substantial portion of the funds would be used to finance improvements in nuclear-reactor safety. With nearly two dozens water-cooled nuclear power plants, there is an urgent need for additional assistance to upgrade the safety systems and protect against potentially catastrophic accidents.

We also hope to expand significantly our efforts to improve oil production and restore oil and gas pipelines that are an environmental hazard and that waste precious resources. Other industries are also major polluters and desperately need the benefits of U.S. technology.

In Vancouver, President Yeltsin identified housing for returning and demobilized officers as a top priority. It is in our interest as well as his to see the continued withdrawal of the troops of the former Soviet armed forces from neighboring countries, especially the Baltics. The success of continued political reform is, in part, dependent on the military staying out of politics and allowing the democratic transformation to continue.

Expanded U.S. support could finance the construction of several thousand housing units for returning officers. This initiative seeks to include the U.S. private sector and American private and voluntary organizations in building houses and developing the local construction capacity.

There is also a need to expand efforts to help Russia's farmers and institutions create a market-driven food system. If more U.S. agribusinesses are linked with Russian partners, it will help break marketing bottlenecks and make delivery systems more efficient. Expanded programs would respond to the ever growing demand to help small businesses and entrepreneurs overcome the enormous obstacles that are the vestige of a command economy.

Additional funding would also be used to dramatically increase the number of people-to-people exchanges. There is no substitute for making training and first-hand experience in America available to people who lived their entire lives under a system that discouraged creative initiative and independent thinking. It is our hope that thousands of students, teachers and budding entrepreneurs could be given the chance to study and train in this country. They would take back not just facts and know-how, but a view of a successful democracy and free market based on a real experience.

To expand bilateral trade and investment, the Administration would also intend to provide additional credits and guarantees through the Export-Import Bank and the Overseas Private Investment Corporation. Beyond the oil and gas sector already being targeted, the EXIM Bank and OPIC could use additional funds to support financing in areas like mineral extraction, telecommunications and air-traffic control and defense conversion. With U.S. companies and exports directly supported by these programs, the mutual benefits are obvious.

Still, there must be a continuing component of humanitarian assistance as well. Americans have always responded generously to medical emergencies around the world, and the need in Russia is acute. The recent Congressional delegation, of which several of you were a part, saw the appalling lack of supplies for

hospitals. Some of the funds we are requesting in the follow-up bilateral package would be used for supplying vaccines and responding to critical shortages of medicines, especially those that will help children.

But in this area, too, we are guided by the adage: give a man a fish and you feed him for a day; teach him how to fish, and you feed him for a lifetime.

Our hope is that over time, Russia and the other new independent states will move away from a reliance on foreign donations. To that end, we want to provide technical assistance to build up local capacity for the manufacture of basic pharmaceuticals, particularly in areas outside of Moscow.

Let me reiterate that I have purposely not attached specific dollar figures to the programs I have mentioned here because we hope over the next few weeks to have continuing consultations with members of this Committee and other members of Congress before making final decisions on the components of the additional request. I would welcome your views on the areas I mentioned as priorities as well as programs you think we missed.

I should add that Ambassador Thomas Simons will shortly be assuming the post of coordinator of our assistance programs to the new independent states. After serving for several years as Ambassador to Poland, he has a great deal of experience in helping former communists countries make the transition to democracy and market reform. He knows what works and what doesn't, and he has the proven leadership and management skills to ensure that the many agencies involved remain focussed on key objectives and are complimentary to each other. I expect Ambassador Simons to work closely with members of this Committee and its staff in shaping our program and carrying out his duties.

Ambassador Simons will coordinate U.S. assistance programs, including those funded under the FREEDOM Support Act, which was passed last year and on which we intend to build. As you know, we have requested \$704 million in the FY '94 budget to continue many of the successful programs under the FREEDOM Support Act into next year. Those funds will be used in the same key areas I have just outlined.

Before making myself available to your questions, let me make a final point. Much of what the Administration has done so far -- and much of what I have said here this morning -- has been focused on Russia. That is appropriate, given the sheer size of the country as well as the magnitude of the problems it poses, and of the opportunities it represents. However, this Administration's efforts will be directed at reform in all of

the new independent states. A significant share of the grants and credits announced in Vancouver and Tokyo will be directed toward the other countries. A number of the multilateral programs announced in Tokyo, like the new IMF facility, will be available to these countries as they move along the path to reform. Substantial amounts of our own Nunn-Lugar nuclear-weapons dismantlement funds will also be used in Ukraine, Belarus and Kazakhstan. So will funds from whatever dismantlement program emerges from the G-7.

The funds we are requesting for the FY '94 FREEDOM Support Act will be weighted toward states other than Russia in the hopes that many will have followed Russia's lead in reform.

In conclusion, Mr. Chairman, my overall point is that as you and your colleagues examine the specifics of our policy, I think you will see that they reflect our determination to support reformers wherever they are to be found, whether in capitals like Moscow or Kiev or Bishkek, or in the farthest reaches of those countries, large or small; whether in the Kremlin or the parliament or the regional governments or municipalities, down to the grassroots.

We have also concentrated, to the greatest extent possible, on the non-governmental sector. Since we are trying to nurture the growth of the private sectors in the new independent states, it is natural that we should enlist the American private sector. That is another common denominator of the initiatives we have put forward.

In general, Mr. Chairman, when we speak about U.S.-Russian economic "engagement" and "partnership" instead of "assistance" and "aid" -- when we speak about building a "strategic partnership with Russian reform" -- we are not resorting to euphemisms. We are expressing what we believe to be a fundamental aspect of our policy. All the programs I have outlined for you today are intended to benefit both Russia's people and our own.

PREPARED STATEMENT OF HON. J. BRIAN ATWOOD, ADMINISTRATOR, AGENCY
FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman,

I am pleased to appear before this Committee to present my first Congressional testimony as A.I.D. Administrator. The members of this Committee appreciate, probably better than anyone else, the extent to which we are now in a position to reorient and redirect our foreign aid program. Over the years, you have played a key leadership role in analyzing the problems, defining the issues, and describing the challenges that A.I.D. faces. Thus, it is only appropriate that I should start here to outline specific steps the Administration has in mind to reinvigorate and redirect foreign aid, and to discuss how these changes are reflected in our FY 1994 budget request.

Obviously, since I have been on the job as A.I.D. Administrator for just one day, I cannot present to you today a comprehensive plan for restructuring and reforming the Agency. Working with Deputy Secretary Wharton, I will be developing that plan in the next few months, in close consultation with you and your colleagues. However, I would like to take this opportunity to share with you some general thoughts on where I think the Agency should be going.

A.I.D. has, as you know, the dubious honor of having generated the most reports, studies, commissions, and task forces of any government agency. It has almost been "studied to death." I want to assure you today that I do not intend to add to those volumes and just talk about A.I.D.'s problems. I want to take action.

Much has been written and said about the new challenges and possibilities that lie before us as a result of the end of the Cold War. This Committee is well aware of the extent to which geo-political and security concerns dominated our economic assistance program in the past, determining its priorities and directions. We now need a new approach to foreign assistance to deal adequately with the challenges we face today.

CAN WE AFFORD FOREIGN AID?

Our success in meeting these challenges is critically important to the American people because it is in their vital interests. We must not only assure that our programs serve consensus American interests, but also provide the evidence that they do to the American people and their representatives in Congress.

- First, foreign aid should help create American jobs. The economic livelihood of Americans is increasingly dependent on global trade and international markets. Developing countries now constitute the fastest growing market for U.S. exports. Our foreign aid programs must be aimed at generating sustained economic growth in the developing world. By doing so, we will

lay the foundation today for sustained U.S. export growth tomorrow. And that will mean more jobs for Americans.

- Second, our nation faces serious problems that transcend national boundaries. Those problems can not be dealt with by one country alone. We have common interests in looking for solutions that benefit all of us.

- For example, the spread of infectious diseases. The health of American citizens does not depend just on what is going on in their immediate communities, but also on how well the international community is coping with infectious diseases. New diseases, such as AIDS and new strains of malaria and tuberculosis, challenge modern medicine and threaten the well-being of Americans, as well as the people of the developing world. Our foreign assistance program should continue to provide critical help by funding immunizations for the already-known diseases, and supporting research to counter the spread of new infectious diseases.

- The American environment is also influenced by factors extending far beyond our own neighborhoods. We now know that global warming, ozone depletion and the loss of biodiversity have a real impact on all of us, no matter where we live. Saving one endangered species in the United States will be vastly outweighed if we lose hundreds of species in other regions and disrupt the ecological balance. Fostering sustainable development in places far away can help to prevent further environmental deterioration and the destruction of the world's ecosystem. Our foreign assistance programs must help these countries create new, environmentally-sound employment opportunities and help to convince others that they have stake in supporting common approaches to global environmental problems.

- The increase in global population has a direct impact on Americans. Even optimistic projections estimate that the world's population will double early in the next century. Developing countries are the overwhelming source of the rapid increase in global population.

Slowing global population growth and stabilizing it at lower levels requires progress in the developing world. We know that women who have expanded individual opportunity and choice -- through education, employment in a growing economy, adequate health care for themselves and their families, and access to modern family planning -- have fewer children. Helping to build the economic and political systems in developing countries that create expanded opportunity and choice contributes to the resolution of the common global population challenge.

- Political and economic uncertainties in other countries

lead to problems of global migration. Most people would prefer to remain at home, but if they cannot find genuine economic opportunities there, they will seek them abroad. Helping to build the foundations for increased opportunity helps to reduce the incentives for massive migration.

- Third, corrupt and unaccountable political systems breed frustration, which often leads to violence and conflict. The anarchy we see in Somalia is in part the result of our past failures to undertake comprehensive economic and political assistance programs which stress economic growth and democracy. We are paying the costs of those failures now. Effective foreign assistance programs which aim at preventing the conditions which cause such man-made disasters will mean savings for U.S. taxpayers in the future.

Developing and newly independent nations are both potential contributors and an important part of the solution to many of the global problems that threaten American at home. To find enduring solutions to global problems, the women, men and children of the developing countries and the newly independent states must become our active, constructive and contributing partners. To do this, they need to have the knowledge and skills that give them the capacity to act, and the economic and political institutions that give them the opportunity to fashion their own futures.

An effective economic assistance program can contribute to the emergence of a different kind of world, where individuals can build new lives for themselves and their children. Our foreign assistance programs play a critical role in helping countries to become full-fledged partners. Foreign aid is not peripheral to the interests of American citizens. On the contrary, American interests are directly served by giving the people in the developing world and newly independent states the skills and understanding to take control of their own lives.

A MORE EFFECTIVE A.I.D.

However, in order to achieve these results, we must have a responsive and innovative, yet responsibly managed aid program that can demonstrate clear achievements. In my confirmation testimony, I acknowledged that A.I.D. needs substantial improvements before it can do so effectively. I will not reiterate the list of weaknesses and shortcomings of A.I.D. which this Committee and many others have cited. I want instead to talk about how we intend to overcome them and to reinvigorate an agency which is so vital to U.S. national interests.

You are already aware of the Clinton-Gore Administration's efforts to transform the institutional culture of the federal bureaucracy. The Vice-President's National Performance Review

offers an enormous opportunity to go beyond talking about reform at A.I.D. to implement specific and fundamental changes. I have pledged that the efforts of A.I.D. to "reinvent government" will not be limited to just a few small experiments in one or two offices, but will embrace the whole Agency.

It is an ambitious commitment, and I am under no illusions about the difficulties that lie ahead. But we have no choice. There will be little tolerance from Congress and the American people for a meandering and poorly focused aid program that cannot show results.

I want this to be a joint effort, as I will need your support to succeed. Let me mention a few general principles which I believe should guide future decisions and plans.

Focus

• First, A.I.D. needs fewer objectives. There is a startling amount of consensus on this point. Virtually every report and analysis of A.I.D. stresses the need for A.I.D. to focus. We cannot be all things to all people and do what we need to do well.

Simply put, A.I.D. has a dual mission. We must have the capacity to respond to man-made and natural disasters -- such as in Somalia -- to provide relief on an urgent basis, as well as to reconstruct political and economic institutions. But our main objective is to encourage sustainable development to prevent those disasters from occurring. We seek to empower the women, men and children of the developing and newly independent countries. By strengthening their individual capacities, promoting their economic opportunities and expanding their political freedoms, they can build a better future for themselves. People the world over aspire to the same opportunities -- to gain control over their own lives and their own destinies.

Development cannot be sustainable if it is not participatory and people-oriented. This is as true abroad as it is at home. Successful programs must incorporate and build upon the skills and expertise of the local communities at which they are aimed. A.I.D. needs to reach out -- oftentimes with the help of U.S. PVOs and NGOs -- to those individuals and groups who are making a difference at a local level in their societies.

Other vitally important aspects of U.S. foreign policy, such as security and economic competitiveness, will be vigorously pursued by the Clinton Administration. A.I.D. plays a critical role in facilitating the achievement of these other U.S. objectives by fostering policy environments and building stable and growing societies. I intend to strengthen A.I.D.'s

coordination with these other agencies, so that our programs can be mutually supportive and complementary. However, we must be clear in our own minds about what A.I.D. should and should not be directly responsible for. We need to focus on our main objectives as an Agency, and do those well.

The narrowing of A.I.D.'s objectives ultimately needs to be reflected in legislation. This Committee has recognized the problem of too many objectives, and made impressive progress in developing a revised Foreign Assistance Act. These past efforts provide a strong foundation for future legislation. The Administration is committed to working closely with this and other relevant committees of Congress to reach agreement on new legislation outlining new objectives. I hope that during this summer, we will begin discussions and come to an agreement on a new legislative framework for U.S. foreign assistance in the post-Cold War era.

Focus on Results

Second, once we have an agreement on fewer objectives, we need to make sure they are clearly defined. This is essential if we are to shift the focus of the Agency to measuring results. Congress knows in great detail how much A.I.D. has spent on different programs, but with few exceptions you know little about what we have achieved with our program funds.

The focus on results is reflected in the FY 1994 foreign affairs budget request. The request is presented in terms of the central objectives that the Administration hopes to achieve whether it be supporting the transition to democracy, Middle East peace, or resolving global problems.

The Administration will be taking the first step, but we cannot succeed without your help. I want to enlist the active cooperation and support of the Congress in establishing a new institutional culture at A.I.D. I ask you to shift your focus away from expenditures. You should hold A.I.D. accountable for achieving results, not for obligating money. If resources are going into programs which do not yield results, they should be shifted elsewhere. Some special interests may object. But we cannot and should not support programs which cannot demonstrate what has been achieved.

The focus on results must extend to the selection of countries where A.I.D. has programs. Economic assistance should not be regarded as an entitlement. Our budget is too limited and the claims on resources too great for us to waste time, energy and taxpayers' money in countries which are not genuinely committed to expanding individual opportunity and choice. Where it is clearly impossible to use scarce development resources effectively, our assistance programs should be reduced or

redirected. That will inevitably mean A.I.D. has programs and a field presence in fewer countries. It will also mean that we are more focussed and more effective in carrying out our programs.

I have ordered an immediate review of all significant A.I.D. programs to determine whether or not they serve identifiable interests and can demonstrate clear results. I will determine which countries no longer merit our continued investment and energy. Senior A.I.D. leadership will be consulting with you and relevant committees as we proceed in this effort.

Organizational Changes

Third. I intend to make decisions in the near future to implement a number of organizational changes at A.I.D. We need to eliminate the needless layers of bureaucracy and overlapping or irrelevant functions. Only then can we redirect the energies and efforts of A.I.D. staff to be creative and effective.

Maintaining a strong A.I.D. overseas presence is vitally important. Only through our field missions can we design and implement strategic development plans which address both global and country constraints. However, overseas missions are expensive and I recognize there is scope for increased efficiencies and smaller missions. To meet our reduced operating expenses budget, I will be taking a number of actions within the next few months to reduce the costs of our overseas presence.

I also plan to strengthen the central policy direction of the Agency, to rationalize and guide individual country program efforts. Strategic planning needs to be strengthened to help ensure that A.I.D. is anticipating the challenges of the future rather than responding to the problems of the past. We need a stronger and more effective central capability to provide policy guidance, specialized expertise and support to our field missions, and to conduct necessary research.

Finally, we need to foster renewed cooperation and teamwork within the Agency, eliminating any sense of independent fiefdoms. New operational procedures will be established with the objective of encouraging a greater sense of transparency and participation in decision-making, and cooperation in meeting common objectives.

Strengthened Coordination

Coordination is the key to using our scarce resources well. As I said earlier, A.I.D. needs to work with other USG agencies to develop complementary programs and build on our comparative strengths and experience. The Clinton Administration is committed to improving interagency communication, consultation

and coordination. A clearer understanding of the respective roles and responsibilities of different foreign affairs and relevant domestic agencies is now being developed.

Improving coordination is a goal which goes beyond the U.S. government. In the international arena, for many years the United States was not only the world's largest single donor but also provided the majority of global economic assistance. That is no longer true. We should welcome the fact that we no longer bear virtually singlehandedly the major burden for economic assistance.

Recognizing that our friends and allies have committed significant resources of their own, a different kind of relationship is now required. We need to work with other donors to establish a common approach to key development challenges. While we are no longer the dominant donor, we are the most experienced. What is required in the future is not additional U.S. funding, but renewed American leadership. I want A.I.D. to provide that leadership, both within the U.S. Government and within the wider donor community.

IV. THE FY 1994 BUDGET REQUEST

I would like to take a moment to explain the FY 1994 budget request. As noted by Secretary Christopher, the FY 1994 budget request represents a transitional budget as we move from a program driven by Cold War considerations to one which is responsive to the opportunities of a new era.

The A.I.D. FY 1994 Authorization and Budget Authority requests are summarized in the attached table. I will simply share with you some of the highlights of this year's budget. The budget emphasizes key aspects of U.S. foreign policy which also represent AID's mission: supporting the transition to democracy, promoting economic growth and poverty reduction, resolving global issues, and responding to humanitarian concerns.

Transition to Democracy

The United States has a deep and abiding interest in actively supporting the emergence of democratic governance around the world. And nowhere do we have a more direct and immediate interest in the successful transition to a stable democracy than in Russia and the other newly independent states of the former Soviet Union.

Economic Growth and Poverty Reduction

Economic growth is a central objective of sustained development. We can no longer afford to support an international welfare program. We need to focus on supporting a process of

internally generated growth which offers the expanding opportunities and resources that makes sustained and comprehensive growth possible. What it takes to achieve sustained, broad-based growth will vary from country to country, and the fundamental responsibility of our field missions is to determine how to integrate solutions to diverse problems and effectively use scarce A.I.D. resources to help achieve sustained growth.

Resolving Global Problems

In keeping with the Clinton Administration agenda, A.I.D. will give particular attention to global problems such as population growth, environmental sustainability, and new health threats such as AIDS. You will see the FY 94 budget reflects increases both for population and for environmental initiatives.

Humanitarian Concerns

The recent past has shown the extent to which the United States will continue to face urgent humanitarian needs, and we can anticipate these claims on our resources to continue in the near term.

In general, the budget request reflects the priority that this administration gives to aid to the New Independent States of the former Soviet Union. However, you should note that we have maintained our commitment to Africa by requesting the same level for the Development Fund for Africa as in FY 1993.

CONCLUSION

In conclusion, the proposed FY 1994 budget provides resources for our highest foreign policy and development requirements. Now more than ever, A.I.D.'s work is at the center of our foreign policy agenda. It is in all our interests -- including those of the American people -- to make sure that A.I.D. does that work successfully. I am confident I can count on this Committee and others to work with us to redefine the role of U.S. foreign assistance and to revitalize A.I.D. and to explain its vital importance to the American people.

TABLE I

AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1994 AUTHORIZATION AND BUDGET AUTHORITY REQUESTS
AND FY 1994 PROPOSED PROGRAM
COMPARED TO FY 1993 APPROPRIATIONS
(in thousands of dollars)

	FY 1993 APPROPRIATION	FY 1994			
		FOR ASSIST. AUTHORIZATION REQUEST	BUDGET AUTHORITY REQUEST	REIMBURSE- MENTS AND CARRYOVER	PROPOSED A.I.D. PROGRAM
Development Programs: 1/	1,037,480	1,321,480	1,321,480	--	1,321,480
Population	350,000	--	--	--	--
Development Fund for Africa	800,000	800,000	800,000	--	800,000
International Disaster Assistance	48,965	148,965	148,965	--	148,965
African Disaster Assistance	100,000	--	--	--	--
American Schools & Hospitals Abroad	30,000	--	--	--	--
Housing Guaranty Liquidating Account: 2/	[37,743]	N/A	N/A	--	47,700
Housing Guaranty Limitation	[150,000]	N/A	[110,000]	--	[110,000]
Housing Guaranty Subsidy	18,407	16,407	16,407	--	16,407
Housing Guaranty Administration	8,407	8,407	8,407	--	8,407
Private Sector Investment Program (PSIP)	[76,319]	--	--	--	--
Private Sector Direct Loan Limitation	[5,000]	--	--	--	--
Private Sector Investment Subsidy	4,057	--	--	--	--
PSIP Administrative Expenses	1,347	--	--	--	--
SUBTOTAL, DA Program Funds	2,396,663	2,295,259	2,295,259	--	2,342,959
Operating Expenses	512,000	512,000	512,000	8,950	520,950
Oper. Exp. - Inspector General	39,916	39,916	39,916	--	39,916
Foreign Service Retirement and Disability Fund: 2/	42,677	N/A	44,151	--	44,151
TOTAL A.I.D. Development Assistance	2,990,656	2,847,175	2,891,326	8,950	2,947,976
Economic Support Fund	2,670,000	2,582,000	2,582,000	--	2,582,000
Ireland	19,704	--	--	--	--
TOTAL, Economic Support Fund	2,689,704	2,582,000	2,582,000	--	2,582,000
Special Assistance Initiatives	440,000	448,951	448,951	--	448,951
Humanitarian Aid to New Independent Republics (former Soviet Union)	417,000	703,820	703,820	--	703,820
TOTAL, A.I.D. ECONOMIC ASSISTANCE	6,537,360	6,581,948	6,626,097	8,950	6,662,747

1/ In FY 1994, Development Programs includes activities funded under Population in FY 1993.

2/ The Housing Guaranty Liquidating Account and the Foreign Service Retirement and Disability Fund are mandatory accounts.

The Housing liquidating account for FY 1993 is bracketed since level required at time of enacted appropriations bill was unknown.

PREPARED STATEMENT OF HON. WARREN CHRISTOPHER, SECRETARY OF STATE

Mr. Chairman:

I appreciate this opportunity to appear before you and the Committee. Together, we face the challenge of crafting a foreign policy for a new era of unprecedented change, hope, and opportunity. The Clinton Administration approaches this task with the conviction that strong public support for foreign policy at home is essential to American effectiveness abroad.

Today, domestic issues and foreign issues are inseparable. The American public expects our foreign policy investments to pay dividends in economic growth, peace and the advancement of our democratic ideals. And we intend to deliver.

Getting results requires that we fund a sustainable diplomacy that looks beyond this week's or next week's crisis; a flexible diplomacy that uses the full range of bilateral, regional, and multilateral tools at our disposal; an activist diplomacy that puts a premium on timely prevention, rather than costly cure; and most importantly of all, a diplomacy of partnership with the American public, and you, their congressional representatives.

As I mentioned to the full Committee in January when we first met informally, President Clinton has identified three overarching policy goals:

First, elevating national and global economic growth as a primary foreign policy goal.

Second, updating our forces and security arrangements to meet new threats.

And third, organizing our foreign policy to help promote democracy, human rights and free markets abroad.

RUSSIAN AID

All three of our overarching policy goals would be greatly advanced by the success of Russian democracy and economic reform. We must act strongly to cooperate with Russia. The results of the referendum were a significant victory for democracy and economic reform.

As President Clinton has said, helping ensure the success of Russian democracy is the supreme security challenge of our era and is in our deep self-interest.

An investment today in Russia's democratic future is an essential investment in America's future. By making this investment, we can help turn what was our most dangerous adversary into an enduring partner.

That, I believe, is a critical mission.

INTERNATIONAL AFFAIRS BUDGET

Mr. Chairman and Members of the Committee, you already have seen the details of the President's April 8 budget request, so I'd only like to stress one very important point that often gets lost with regard to the Budget Function 150 account. Historically, international affairs spending has represented just over one percent of total federal expenditures -- a modest investment indeed in furtherance of our nation's vital international objectives.

The FY 94 budget marks a first step in redirecting our foreign policy, refocusing our foreign affairs funds, and reforming our foreign policy structures to help meet the three overarching policy goals that President Clinton has set for the new post-Cold War era -- supporting democracy, promoting growth and strengthening security.

The FY 94 budget is by necessity a transitional budget. Changes in some of the details of our budget request are possible and probably likely. Our post-Cold War world is itself undergoing profound transition. The new challenges and opportunities we face in the world require fundamental changes of direction in our foreign policy -- as well as a fundamental restructuring of our foreign policy institutions. I believe that we have made a good, strong start. Much remains to be done. We intend to work very closely and cooperatively with you during your deliberations on our requests.

PEACEKEEPING

I know this Committee has very important responsibilities with regard to funding UN activities. The FY 94 International Affairs budget requests nearly \$700 million in contributions to the UN and other international peacekeeping operations. We have also requested \$300 million in FY 93 supplemental funds to meet unanticipated needs for international peacekeeping.

Millions spent now on multilateral preventive diplomacy, emergency refugee support, and peacekeeping may save hundreds of millions in defense and international relief later. At a time when we are calling upon the United Nations to do more, we cannot support it less.

The end of the Cold War has unleashed long-suppressed conflicts in the Balkans, the former Soviet Union, and elsewhere. It has also opened possibilities for international cooperation. We must seize them.

DEVELOPMENT, ECONOMIC AND SECURITY ASSISTANCE

I know that Brian Atwood, our new AID Administrator and a key member of our foreign policy team, appeared before you only last week and set forth our approach to redefining the role of U.S. foreign assistance.

I won't repeat what he said, but I would like to reinforce the main points he made.

During the Cold War, geopolitical and security concerns dominated our economic assistance program.

In this post-Cold War era, we must now target our assistance to address today's priorities: global growth and domestic job creation; transnational challenges such as disease, environmental degradation, global population growth and migration; and promoting sustainable economies and stable democracies throughout the world. In past decades, we mobilized our assistance against communism. Now, we can and must mobilize ourselves for democracy, for free markets and for a secure international environment in which they can flourish.

Today, our watchwords must be empowerment, partnership, and effectiveness.

During the Cold War, the imperative of assisting national governments resulted in the rise of large, highly centralized aid bureaucracies focused on securing government-to-government relations. Now we can build economic, civic, and cultural partnerships between peoples. We must support democratic values through individual empowerment. Foreign assistance will serve as our venture capital for mobilizing America's major asset -- our robust civil society -- in support of political and economic freedom worldwide.

Forging broad and non-traditional partnerships with our allies and with the international financial institutions will also help us do more with less -- a key challenge in an era of vast possibility and tight budgets. What is needed is not additional funding, but renewed American leadership in building worldwide partnerships for achieving developmental goals.

Our focus on individual empowerment and partnerships also will enhance our effectiveness. Our foreign assistance programs will be result-oriented, not expenditure-oriented. National entitlements will be phased out and our institutions will be made flexible enough to ensure that assistance can go where we find cooperation and reform is manifest. Where scarce development resources cannot be used effectively, our assistance programs should be reduced or redirected.

To be effective -- to get results -- the Agency for International Development itself will need to be reorganized. We seek greater efficiency and smaller overseas missions. At the same time, we will work to strengthen AID's central policy direction, foster teamwork and accountability throughout the Agency, and ensure better interagency coordination.

Dr. Wharton and his Function 150 Task Force will forward their report on AID reform to me shortly. Before commenting, I will want to review it in depth. I hope consultations with this Committee and other key Committees will begin soon so that together we can discuss the report and I can get your reactions to it.

I also want to acknowledge publicly the key role of this Committee -- and its chairman and ranking minority member -- in their reform of our foreign assistance programs and institutions. The recommendations of your 1989 Task Force will be largely adopted by this Administration. I look forward to continuing to rely on your leadership and support in the coming months.

I want to highlight four budget proposals that reflect some of our foreign aid priorities:

-- One. We are requesting development funding for Africa at \$800 million. In addition, we will continue to provide over half a billion in humanitarian and other assistance to Africa;

-- Two. We are requesting a \$100 million increase in population programs, including a \$50 million contribution to the UN's family planning agency;

-- Three. We have requested enhanced funding to address global environmental concerns;

-- Four. We will also undertake democracy-building programs around the world.

Our development assistance should not be judged on the basis of funds obligated, but on results achieved. The same applies to security assistance.

Security assistance can help us strengthen friends and allies so that they can play a larger role in promoting regional stability, defending themselves against aggression, and participating in peacekeeping activities. The Clinton Administration does not view security assistance in isolation, but in terms of how it can serve the mutually reinforcing and overarching goals of our foreign policy.

Nonproliferation and disarmament are among the greatest national security challenges facing us today. The proposed FY 94 budget reflects an integrated government-wide approach to nonproliferation and arms control. We are requesting funds for the establishment of a new, \$50 million Non-Proliferation Fund.

Departmental resources also will be devoted to addressing other global problems, such as AIDS, international crime, terrorism, and narcotics production and trafficking.

HUMANITARIAN ASSISTANCE

Alleviating human suffering remains a high priority in the FY 94 budget. During FY 93, we will have provided worldwide relief to refugees and victims of poverty, natural disasters and crises, such as war, famine and drought. Significant amounts of aid are being directed to the vast human tragedies in Somalia and the former Yugoslavia. The Clinton Administration is committed to continuing the funding levels Congress provided for these activities in FY 93, and we are proposing a \$20 million increase in refugee assistance in FY 94.

To conclude the broad topic of assistance, Mr. Chairman, if we succeed with our plans for redirecting and revitalizing our assistance efforts, Americans will benefit and the world will benefit.

STATE DEPARTMENT REFORM

Mr. Chairman, a few words now about State Department reform. Given the budget constraints, flexibility and wise management of funds for all our programs and institutions become ever more important.

In this regard, I'd like to commend Representative Berman and Representative Snowe for their Subcommittee's efforts to provide me with increased flexibility and decreased micromanagement. I know you are marking up the State Department bill next week and I appreciate very much your help as the Department tries to accomplish more with fewer budgetary resources.

Our planned broad-based reform of the State Department's organization and operations is designed to achieve quicker, more open, more cost-effective policy-making and performance. We must assure clearer financial accountability. We must invest in better training for our personnel, both Foreign and Civil Service. And we must ensure that the face the Department shows to the world is America's face in all our diversity. This Committee's cooperation and support remain vital to the success of our reform efforts overall.

Mr. Chairman and Members of the Committee, I want you to know that the Clinton Administration is more than open to your views as together we face the challenge of forging a new foreign policy, channeling our resources and adapting our institutions for a world that has fundamentally changed.

BOSNIA

And now, Mr. Chairman, before closing, a few words about the ongoing crisis in the former Yugoslavia, a matter that I know is of deep interest to this Committee.

As you know, the Bosnian Serb so-called referendum this past weekend has overwhelmingly rejected the Vance-Owen peace plan. At the same time, the Bosnian Serbs and others continue to engage in aggression. As you know, I never gave much weight to this so-called referendum, and I indicated from the moment that the Bosnian Serbs called it that it would in no way advance the cause of peace.

My attitude was similar toward the signature by the Bosnian Serb leader Karadzic on the Vance-Owen plan in Athens a couple of weeks ago. Subsequent events have made a mockery of that signature. What we have looked for from the beginning were not signatures, words or referenda, but rather actions on the ground demonstrating a serious interest in ending the violence and coming to a peaceful settlement. We have seen no real indication of such actions by the Bosnian Serbs.

This is an historically tragic and difficult problem. It involves struggle among three groups -- the Serbs, the Croats, and the Muslims, all residing in Bosnia and each possessing deep distrust and indeed ancient hatred of the other. The war began over two years ago and has evolved into a war of all against all. Indeed, some of the most violent battles of the war have taken place recently in the western half of Bosnia between Croat and Muslim fighters, particularly around the town of Mostar. There are atrocities on all sides.

Obviously any intervention in such a morass must be considered carefully and with a clear view of United States' interests. In addressing this problem, President Clinton has put forth several principles that guide our consideration of further steps to respond to the violence, produce a political settlement and contain the conflict.

The first is that we will not act alone in taking actions in the former Yugoslavia. This is a multilateral problem and it must have a multilateral response. There are a number of countries already involved on the ground, and a number of countries have moral, political and strategic interests at stake here. Further, this is at heart a European problem. We will do what we can in concert with our allies and friends and respond to the violence and contain the conflict, but we will not act unilaterally.

Second, the United States will not send ground troops into Bosnia to engage in military action. As I have said before, we are prepared to commit our military might to implement a peace settlement entered into in good faith by the parties. We will not use our troops to militarily impose a settlement in the Balkans.

The President's position is that the best way to increase the pressure on the Bosnian Serbs, and to ultimately contain the conflict, is to lift the present arms embargo -- coupled with a standby authority for air power in the event that the Bosnian Serbs try to take advantage of the situation while the Bosnian government is preparing to defend itself.

This approach is in the President's judgment, the right course. This approach can obviously only be carried out in cooperation with our allies and friends. It will require the repeal of a United Nations Security Council resolution supported by the previous administration.

As you know, our allies and friends are not prepared at this point to go this far. We are however continuing to consult with our allies and friends on this and other steps. Along these lines, I am engaging in a new round of consultations on the problem. I will be meeting with Foreign Minister Kozyrev of Russia on Thursday and French Foreign Minister Juppe on Monday here in Washington.

Although this is a difficult situation -- a problem I once described as the problem from Hell -- our involvement and actions have made a difference. American leadership has resulted in concerted pressure that has produced some tangible results. We became engaged diplomatically and were able to get two of the three parties to sign onto the Vance-Owen agreement. We were able to get enforcement of the no-fly zone. We have engaged in a large-scale humanitarian effort that has saved thousands of lives. Our pressure has directly resulted in Milosevic's recent shift to pushing for a peace agreement and agreeing to increasingly isolate the Bosnian Serbs. Our actions have been consistent with our interests.

In these situations we certainly must be tough, but we also must be wise. And being wise means acting in ways consistent with our interests. This, President Clinton has done and will continue to do.

Thank you, Mr. Chairman.

LEE H. HAMILTON, Chairman

One Hundred Third Congress

Congress of the United States

Committee on Foreign Affairs

House of Representatives

Washington, DC 20515

March 5, 1993

BENJAMIN S. GILMAN, New York
Ranking Republican Member

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OLYMPIA J. SNOWE, Maine
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EDWARD R. ROYCE, California

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Republican Chief of Staff

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TOM LANTOS, California
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HOWARD L. BERMAN, California
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SHERROD SNOOK, Ohio
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FRANK MCELROY, Indiana
THOMAS C. SAWYER, Ohio
NICHOLAS

MICHAEL H. VAN DUSEN
Chief of Staff

The Honorable Martin Olav Sabo
Chairman

The Honorable John R. Kasich
Ranking Republican Member
Committee on the Budget
214 O'Neill House Office Building
Washington, D.C. 20515

Dear Chairman Sabo and Ranking Member Kasich:

On behalf of the Republican Members of the Committee on Foreign Affairs, I am writing to you to express our views on the President's recommended budget authority and outlay figures for the international affairs (150) budget function for Fiscal Year 1994.

As you know, pursuant to section 301(d) of the Budget Act, each committee of the House is to submit to the Budget Committee its views and estimates with respect to all matters within jurisdiction of that committee. Under the Budget Enforcement Act of 1990, the date for submission of the views and estimates is within six weeks after the submission of the President's budget. The President's official budget will not be submitted until at least April 5, 1993.

It is our understanding that the Democratic Leadership would like to expedite the process of bringing a budget resolution to the Floor and therefore have requested all committees to submit their views and estimates by March 5, 1993. In the absence of an official budget, we understand that committees are to base their views on the President's "Vision of Change" budget which was submitted on February 17, 1993.

On March 3, 1993, acting upon your February 18, 1993 letter and upon guidance from the Parliamentarian, the Committee on Foreign Affairs convened to formally report its recommendations (in the form of a letter) to the Budget Committee. Chairman Hamilton's letter endorses the President's request and "recommends that the Committee on the Budget include in the Budget Resolution the full amount of budget authority and outlays for the 150 function for fiscal year 1994 as projected by the Congressional Budget Office."

Republicans cannot concur with this recommendation. Preliminary information available to date from both the Congressional Budget Office and the Office of Management and Budget is incomplete, often conflicting, and does not afford Republican members the ability to determine which programs under the 150 account in fiscal year 1994 will increase or decrease.

Let me outline some of the reservations Republicans have regarding the lack of specific information in the President's request. With respect to the President's proposed increases for Russia and the other independent states of the former Soviet Union, it is my understanding that none of the funds appropriated pursuant to the FREEDOM Support Act for fiscal year 1993 have been expended. Despite this, Republicans are being asked to sign onto a major funding increase in this area, without much idea as to its proposed, specific uses. We believe that U.S. programs should emphasize assistance which results in mutually beneficial commercial relationships. For instance, the U.S. could pursue agreements to develop former Soviet Union natural resources, such as oil and petroleum products and critical and strategic minerals, which would afford the U.S. a return on its assistance.

In addition, as I read it, the President's budget will reduce our international security assistance funding considerably over the next few years, but, again, we are given no specific program levels. It is my understanding that both Israel and Egypt will receive previous levels of security assistance (\$3 billion and \$2.1 billion, respectively) as the talks exploring the prospects for long-term peace in the Middle East continue. Once again, however, there is very limited authoritative information on this matter, and Republicans would like to know what specifically are the facts.

Further, the preliminary information indicates that there will be a considerable reduction in the foreign military financing that assists countries like Colombia and Bolivia in our joint efforts in the fight against drugs. At this crucial point in the counternarcotics war, with drug smuggling and drug addiction as threatening to our society as ever, Republicans cannot endorse a vague budget that might cut back on our vital efforts in this area.

Finally, it is our understanding that the President's request significantly increases funding levels for international organizations, including the United Nations. In that yet another report has been released at the United Nations which points to continued fraud, waste and abuse at that organization, Republicans cannot agree to increased expenditures without being privy to specific information on programs and accounts.

These are but a few of the examples where the lack of specific budget information does not allow us to make specific recommendations on budget authority and outlay levels for the international affairs (150) budget function. Therefore, let me conclude by stating that in view of these concerns and without the President's official budget in hand, Republican members on the Committee on Foreign Affairs cannot endorse the President's request at this time.

Thank you for your consideration on this important issue.

Sincerely,



BENJAMIN A. GILMAN
Ranking Republican Member

Full Committee Statement of
Congressman Benjamin A. Gilman
On the FY 1994 150 Budget

Mr. Chairman:

The Committee's business at this point is to meet our obligations — as a Committee — under Section 301(d) of the Budget Act, which states that each committee of the House having legislative jurisdiction "shall submit to the Committee on the Budget...its views and estimates (as determined by the committee making such submission)" regarding matters under the committee's jurisdiction.

As you know, in 1991 the Parliamentarian of the House interpreted the phraseology of that section of the Budget Act as requiring not just some kind of informal process, but instead formal "committee action" and, in such cases, the opportunity for minority views. Regrettably, and often unknowingly, an informal process has been employed at times in the past by the Committees of the House.

Mr. Chairman, yesterday you forwarded to me a copy of your proposed report to the Budget Committee, in the form of a letter to Chairman Sabo, which I then passed on to the Committee Members on our side. That certainly goes a long way toward ensuring that the intent of the Budget Act in this regard is met.

Mr. Chairman, going beyond these procedural matters at this point, I want to state that we will indeed be filing a minority response in this instance.

I have read your proposed letter. As you have noted in it, the President's budget request is not expected before April, and I certainly agree with your statement that "the Committee will examine the President's request in detail when it is submitted." However, Mr. Chairman, given the difficulty I have encountered in getting specific information on the budgetary effects of the frankly vague, preliminary information submitted to us at this date, I don't share your view that the Committee can support the very general outline submitted to us by the President.

Let me state just a few reservations I have regarding the lack of specifics as they affect matters under this Committee's jurisdiction.

First, in your proposed Committee letter, you state that "the Committee supports the President's request, particularly the proposed increases for Russia and the other independent states of the former Soviet Union." Mr. Chairman, as recently as our February 24th Committee hearing on US Policy toward the New Independent States, the question arose as to whether monies already appropriated to assist Russia and those other states were being utilized in the best fashion. In fact, there was some question as to whether much of the aid funding already authorized had yet been expended. Despite this, we are being asked to sign on to a major funding increase in this area, without much idea as to its proposed, specific uses.

Then, Mr. Chairman, we are told that the budget will reduce our international security assistance considerably over the next few years, but, again, we are given no specifics. It is my understanding that the plan is to provide the anticipated levels of

funding for Israel and Egypt as the talks exploring the prospects for long-term peace in the Middle East continue. Once again, however, there is very limited authoritative information on that, and I would frankly like to know what specifically is the case.

Finally, Mr. Chairman, the preliminary information indicates that there will be a considerable reduction in the foreign military financing that goes to help countries like Colombia and Bolivia in our joint effort in the fight against drugs. At this crucial point in the counternarcotics war, with drug smuggling and drug addiction as threatening to our society as ever, do we really want to endorse a vague budget that might cut back deeply on our vital efforts in that area?

Mr. Chairman, there might be areas in all of the proposed budget reductions where many of the Members of this Committee might be inclined to support the President's request, but, again, how can we state that we support what we haven't had adequately described to us?

Mr. Chairman, there are many other areas in the preliminary information that has so far been submitted to us that lack specific description. I won't go into them at this point, so that other members will have a chance to speak on this matter. I will simply sum up by saying that the minority will take the opportunity given it under the Budget Act to submit separate, minority views to the Budget Committee. The minority views, in this instance, will be provided to the Committee within the required three-day time period, and will also be forwarded directly to Budget Committee Chairman Sabo and Ranking Member Kasich in a separate letter.

DRAFT

LEE H. HAMILTON, INDIANA
CHAIRMANBENJAMIN A. GILMAN, NEW YORK
RANKED REPUBLICAN MEMBER

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(VACANCY)

MICHAEL H. VAN DUSEN
CHIEF OF STAFF

One Hundred Third Congress

Congress of the United States

Committee on Foreign Affairs

House of Representatives

Washington, DC 20515

May 13, 1993

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RICHARD J. GARNON
REPUBLICAN CHIEF OF STAFF

The Honorable Martin Olav Sabo
Chairman, Committee on the Budget
H1-214 O'Neill House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing on behalf of the Committee on Foreign Affairs in response to the reconciliation instructions set forth in section 7(c)(6) of the conference report to accompany H.Con.Res. 64, the concurrent resolution on the budget for fiscal year 1994.

On Wednesday, May 12, 1993, the committee met in open session to consider the reconciliation instructions applicable to the committee's jurisdiction. The committee agreed to endorse the legislative proposal adopted by the Committee on Post Office and Civil Service on the same day.

Specifically, the legislation recommended by the Committee on Post Office and Civil Service would reduce direct spending for civilian government retirement systems, including the Foreign Service Retirement and Disability Fund (FSRDF) and the Foreign Service Pension System (FSPS), by requiring a three-month delay in cost-of-living adjustments (COLAs) in each of the fiscal years 1994, 1995, and 1996.

According to the Congressional Budget Office cost estimate, such legislation, if enacted, would reduce outlays from the FSRDF and FSPS by \$3 million in each of the above fiscal years for a total savings of \$9 million over the three-year period. Such reductions would exceed the minimum amounts required under section 7(c)(6) of the conference report to accompany H.Con.Res. 64.

In view of the fact that the Committees on Foreign Affairs and on Post Office and Civil Service have joint jurisdiction over the FSRDF and the FSPS, both committees will be credited with the savings effected by the proposed legislation pursuant to the guidelines issued by the Committee on the Budget.

The Committee on Foreign Affairs endorses the action taken by the Committee on Post Office and Civil Service without prejudice to its jurisdiction over the FSRDF and FSPS. In the event that the Senate treatment of these COLAs is different than the House treatment, the Committee on Foreign Affairs would request representation on the conference committee.

We also respectfully request that this letter be included in the legislative report to accompany the omnibus reconciliation bill.

Thank you for your consideration.

With best wishes,

Sincerely,

Benjamin A. Gilman
Ranking Minority Member

Lee H. Hamilton
Chairman

LHH/RKBbf

CC: The Honorable John Kasich, Ranking Minority Member,
Committee on the Budget

[DISCUSSION DRAFT]

[PROVISIONS FOR INCLUSION IN THE OMNIBUS
BUDGET RECONCILIATION ACT OF 1993]TITLE X—COMMITTEE ON POST OFFICE
AND CIVIL SERVICE

Subtitle A—[To be provided]

SEC. 10001. DELAY IN COST-OF-LIVING ADJUSTMENTS IN
FEDERAL EMPLOYEE RETIREMENT BENEFITS
DURING FISCAL YEARS 1994, 1995, AND 1996.

(a) APPLICABILITY.—This section shall apply with respect to any cost-of-living increase scheduled to take effect during fiscal year 1994, 1995, or 1996, under—

(1) section 8340(b) or 8462(b) of title 5, United States Code;

(2) section 826 or 858 of the Foreign Service Act of 1980; or

(3) section 291 of the Central Intelligence Agency Retirement Act (50 U.S.C. 2131), as set forth in section 802 of the CLARDS Technical Corrections Act of 1992 (Public Law 102-496; 106 Stat. 3196).

(b) DELAY IN EFFECTIVE DATE OF ADJUSTMENTS —A cost-of-living increase described in subsection (a) shall not take effect until the first day of the third

1 calendar month after the date such increase would other-
2 wise take effect.

3 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-
4 tion shall be considered to affect any determination relat-
5 ing to eligibility for an annuity increase or the amount
6 of the first increase in an annuity under section 8340(b)
7 or (c) or section 8462(b) or (c) of title 5, United States
8 Code, or comparable provisions of law.

04-May-89

TO: Bob Lookhart

FROM: Paul Oullinan

DELAY COLA FOR 8 MONTHS IN 1994, 1995, 1996
(Outlays by fiscal year, in millions of dollars)

	1994	1995	1996	1997	1998	5-yr total
All Civilian Annuitants (CSRS, FERS)	-258	-251	-250	0	0	-779
All Civilian Exo. Disabled and Survivors	-195	-183	-190	0	0	-568
All Foreign Service	-3	-3	-3	0	0	-9
Foreign Serv. Exo. Disabled and Survivors	-3	-3	-3	0	0	-9
All Civilian and Foreign Service	-271	-254	-253	0	0	-788
All Civilian and Foreign Service Annuitants Except Disabled and Survivors	-198	-185	-183	0	0	-577

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APPENDIX 1

One Hundred Third Congress

Congress of the United States

Committee on Foreign Affairs

House of Representatives

Washington, DC 20515

March 3, 1993

LEE W. HALL, FOW. HONORARY
CHAIRMAN[illegible]

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RICHARD J. GARDIN
 UNIVERSITY OF CALIFORNIA, BERKELEY

The Honorable Martin Olav Sabo
Chairman
Committee on the Budget
214 O'Neill House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of February 18, 1993 regarding committee reports on the fiscal year 1994 budget.

Because the President's budget request will not be submitted to Congress until sometime in April, the Committee on Foreign Affairs is unable to recommend specific budget authority and outlay figures for the international affairs (150) function at this time. However, based on preliminary information, the Committee supports the President's request, particularly the proposed increases for Russia and the other independent states of the former Soviet Union and for United Nations peacekeeping operations.

Therefore, the Committee recommends that the Committee on Budget include in the Budget Resolution the full amount of budget authority and outlays for the 150 function for fiscal year 1994 as projected by the Congressional Budget Office. The Committee will examine the President's request in detail when it is submitted and make necessary adjustments during the regular authorization process.

Congressman Gilman, the Ranking Republican Member of the Committee, has indicated that the Republican Members of the Committee may want to send a separate letter expressing their views on the President's request.

Thank you for your consideration of this recommendation. I appreciate your leadership on these budget issues and look forward to working with you in the 103rd Congress.

With best wishes,

Sincerely,

Lee H. Hamilton
Chairman

Lil' Hal' bai

APPENDIX 2

Foreign Operations and Defense Appropriations for NIS
 FY92 (reprogrammed funds), FY93 Foreign Operations
 Tokyo Request and Original FY94 Request
 All NIS
 (\$millions)

July 1993

Category	Actual			Obligated	Expended	Requested	
	FY92	FY93	(Vancouver) ¹			Tokyo	FY94 ¹
Private Sector Development	89	180	(148)			375 ³	397
Trade and Investment (Exim, OPIC, CIP, TA)			(243)			490 ⁴	
Democracy	14	81	(48)			220	75
Support for Troop Withdrawal/Housing	6	10	(6)			165	25
Energy and Environment	43	62	(38)			125	103
General Humanitarian Food	78	25 50	(31) (894) ⁴			135	104
Special Fund for non-Russian NIS						300 ⁷	
AID Operating Expenses	5	9					
FOps Totals	235	417		403	166	1810 ⁸	704 ⁸
Nuclear Dismantlement	400	400	(215)	524 ⁹	46	0	400
Vancouver Total			(1,623)	1022	38		
Humanitarian Transportation	100	15					
FY Totals	735	832				1810	1104

¹ Except for the food assistance, the Vancouver package was funded from FY92 and 93 funds.

² Preliminary

³ Includes \$125 million in grant funds as part of the U.S. contribution to the Special Privatization Restructuring Program.

⁴ \$150 million in OPIC guarantees and insurance, \$82 million in EXIM loans.

⁵ Includes \$75 million in subsidy costs to underwrite approximately \$250 million in loans as part of the U.S. contribution to the SPRP.

⁶ \$700 million in concessional credits, \$194 million in grant food aid.

⁷ FY 92, 93 and 94 budget figures are for all 12 NIS; the supplemental request is for Russia except for this \$300 million, and an additional \$60 million for transport of humanitarian commodities and \$95 million for non-Russia privatization.

⁸ \$1.6 billion of the Tokyo package will be financed through FY93 supplementals; the FY94 request will actually be \$904 million, which includes \$200 million for the Tokyo Package.

⁹ Total of congressional notifications.

U.S. BILATERAL ASSISTANCE AND CREDITS FOR
THE STATES OF THE FORMER SOVIET UNION
(\$ Millions)

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>Total</u>
<u>Grant Assistance</u>					
<u>Technical Assistance</u>					
NIS Assistance Account	--	--	417	904	1,321
Supplemental Request	--	--	1,609	--	1,609
Economic Support Funds	5	230 *	--	--	235
Development Assistance Funds	--	5	5	?	10
PL 480, Farmer-to-Farmer	--	10	10	10	30
Other USG Technical Assistance	--	32	63	63	164
Subtotal	5	277	2,110	977	3,369
<u>Medical Assistance</u>					
Disaster Assistance Funds	5	12	--	?	17
DOD Excess Medical Donations	--	100	50	?	150
Private Donations	31	142	--	?	173
Subtotal	36	254	50	?	340
<u>Food Assistance</u>					
USDA Food Aid	--	293	850	?	1,143
DOD Excess Stock Donations	--	62	40	?	102
Private Donations	--	35	40	?	75
Subtotal	--	390	930	?	1,320
<u>Other DOD Assistance</u>					
Transportation Funds	--	100	15	?	115
Disarmament/Non-Proliferation	--	400	400	400	1,200
Subtotal	--	500	415	400	1,315
<u>Total, Grants</u>	<u>41</u>	<u>1,421</u>	<u>3,505</u>	<u>1,377</u>	<u>6,344</u>
<u>Credit Programs (Face Value)</u>					
USDA Export Credit Guarantees	1,915	2,645	1,000	?	5,560
USDA Concessional Food Sales	--	--	700	?	700
Eximbank Guarantees	--	119	250	?	369
OPIC Insurance	--	126	396	?	522
OPIC Financing	--	--	170	?	170
<u>Total, Credits</u>	<u>1,915</u>	<u>2,890</u>	<u>2,516</u>	<u>?</u>	<u>7,321</u>
<u>TOTAL, GRANTS & CREDITS</u>	<u>1,956</u>	<u>4,311</u>	<u>6,021</u>	<u>1,377</u>	<u>13,665</u>

* The \$230 million of ESF allocated for FY 1992 included \$33.8 million of reprogrammed FY 1991 funds.

Note: Total may increase for FY 1993 after consideration of food assistance and CCC credit programs. Total does not include U.S. contributions to international financial institutions, including the Currency Stabilization Fund. DOD excess donations are preliminary estimates based on market value.

\$2.5 Billion Assistance Package for Russia and the Other NIS
(\$millions)

	FY 1994	Tokyo Package	Total
I. Private Sector Development	397	375	772
Privatization/Small Business Technical Assistance	200	155	355
Special Privatization and Restructuring Program	0	125	125
Enterprise Funds	110	70	180
Agribusiness	30	25	55
Economic Restructuring	45	0	45
Eurasia Foundation	12	0	12
II. Trade and Investment	0	490	490
Subsidy for Export and Investment Credits	0	345	345
Energy and Environment Commodity Import Program	0	125	125
Trade and Investment Technical Assistance	0	20	20
III. Democracy Corps Initiative	75	220	295
Expanded Exchanges and Training	25	200	225
Other Democracy Support	50	20	70
IV. Humanitarian Assistance	104	135	239
Medicines and Health Sector Technical Assistance	44	75	119
General Humanitarian Initiatives	60	0	60
Transportation Funding	0	60	60
V. Energy and Environment	103	125	228
Nuclear Reactor Safety	0	100	100
Expanded Energy Technical Assistance	60	13	73
Expanded Environment Technical Assistance	43	12	55
VI. Support for Troop Withdrawal and Housing	25	165	190
Officer Resettlement	0	160	160
Housing Sector Technical Assistance	25	5	30
VII. Special Fund for Non-Russia NIS	0	300	300
Total	704	1810	2514

NOTE: The Tokyo Package funds will be used for programs in Russia, with the exception of \$300 million for a Special Fund for non-Russia NIS, \$95 million for privatization assistance for the non-Russia NIS and \$60 million for humanitarian transportation. FY 1994 funds will be used for programs in all NIS.

**G-7 Support Package for Russia
(\$ billions)**

Initial stabilization support	4.1
IMF Systemic Transformation Facility	3.0
World Bank Import Rehabilitation Loan	1.1
Support for full stabilization program	10.1
IMF standby arrangement	4.1
IMF Currency Stabilization Fund	6.0
Support for structural reform & essential imports	14.2
World Bank sectoral loan commitments	3.4
Cofinancing of World Bank loans	0.5
EBRD small and medium enterprise fund	0.3
Export Credit agency credits and guarantees	10.0
Total	28.4
Debt rescheduling	15.0

**G-7 Bilateral Assistance to NIS
(Pledges 1990-1992, \$ millions)**

	Grant Assistance		Credits Humanitarian	Other	Total
	Humanitarian	Technical			
Canada	11	80	1,820		2,031
EC	608	1,094	2,363	0	4,065
France	35	68	1,550	1,030	2,683
Germany 1/	1,000	11,000	0	42,000	54,000
Italy 2/	18	0	2,100	3,500	5,618
Japan 3/	180	26	600	2,000	2,806
UK	39	158	0	476	673
US	1,621	1,586	6,681	0	9,828
Total	3,512	14,012	15,114	49,126	81,704

1/ Germany Grant technical assistance includes \$11.0 billion for stationing and withdrawal of former Soviet troops from East Germany.

2/ Italy includes refinancing of USSR debt.

3/ Japan Credits include trade insurances.

APPENDIX 3

Question Submitted to Secretary of State Warren Christopher and Response Thereto

Overall 150 Budget Request

1. Mr. Secretary, the FY 94 budget request for the international affairs function (150) faces a major funding crisis. Budgetary pressure could lead to significant cuts in important categories in the Administration's foreign aid requests, as well as preclude the possibility of any significant increase aid for fiscal year 1994.

The House Appropriations Committee which relies upon the scoring assumptions of the Congressional Budget Office rather than OMB, scores the outlay rate for the Administration's request \$328 million higher than the Administration.

But when the Appropriations Committee meets later this week to allocate outlay levels to various subcommittees, pursuant to the so-called 602(b) process, the Foreign Operations Subcommittee is likely to receive an outlay figure perhaps \$300 million less than it needs to meet the Administration's request.

This figure doesn't include any increase in assistance for Russia above the \$700 million already in the Administration's fiscal year 1994 request.

To achieve a cut of \$300 million in outlays, we might need program cuts of possibly over \$1 billion in such programs as ESF, funding for the multilateral development banks, development assistance, IMET, FMF, base right countries.

Clearly, both the Administration and this Committee have an interest in avoiding such draconian cuts in an already lean foreign aid bill.

- What is the Administrations' strategy for resolving this budget crisis?
- Has the Administration spoken to either the Chairman of the House Appropriations Committee or the House leadership about getting a higher 602(b) outlay allocation for FY 1994?

A: A 602(b) allocation requiring cuts of this magnitude would clearly cause severe problems for many of our programs. We would certainly want to work with you and your Committee on ways to avoid such an outcome.

We are looking at ways to fund new assistance to Russia and the other former Soviet states without putting the entire burden on the FY 1994 foreign assistance budget. We will be consulting closely with the Congress and this Committee on how to do this.

APPENDIX 4

Certainly the UN voting record of a foreign government should be taken into account in determining whether the United States should provide it with security assistance. Nevertheless, I see little need for a new piece of legislation keying security assistance to this single indicator of a government's foreign policy. I disagree with you that a UN voting record in agreement with ours less than 25% of the time marks a philosophy so different that the foreign country could never reach the goals we espouse, and using it as an arbitrary cutoff could greatly hinder our ability to influence the government toward our goals.

The process we have in place for vetting countries for security assistance already takes into account the whole foreign and domestic policy of the foreign government. This process has long been successful in identifying countries whose aims are inimical to ours and has provided us with the security network we needed to contain Communism until its ultimate demise.

A further reason for objecting to the proposed legislation is that it is based on a questionable interpretation of a statistic. The voting record from the 47th UN General Assembly, September 15 to December 23, 1992, shows that 202 resolutions, 73% of the total resolutions, were adopted by consensus. From this we could say that all countries voted with us at least 73% of the time. There were only 88 recorded plenary votes, and the U.S. voted on only 73, abstaining on 14 and not participating in one.

As for the use of the record on only the 73 votes in which we voted, I believe it would be sorely deficient as a single criterion for limiting security assistance. The accompanying table shows which countries voted with us on fewer than 25% of the 73 votes. The number in parentheses shows the percentage of times they voted with us on the 16 issues we consider important to U.S. interests. As you can see, of the 64 countries that went against us on the 73 votes, 32 voted with us at least half the time on the votes we consider important. On the 73 votes, no Arab state voted with us more than 26.8% of the time; no ASEAN nation voted with us more than 27.9%; only 10 of the 49 countries in the Islamic Conference were with us on more than 25% of the votes, only two (Kyrgyzstan and Turkey)

on over 40%; only 33 of the 107 members of the Non-Aligned Movement voted better than 25%, only one (Malta) better than 40%. These facts illustrate that it is inappropriate to use a single voting statistic without taking into account the context of the vote.

I especially would oppose any legislation that would limit our ability to grant IMET training. This program enables us to introduce foreign defense personnel to our system of democratic government, including civilian control of the military and the role of the military in a democratic society. Even in certain countries whose administration regularly voted against us in the UN, military personnel in positions of importance who have a favorable opinion of the U.S. as a result of the IMET experience have influenced the government to cooperate with us in other activities.

VOTING COINCIDENCE

The following countries voted with the U.S. in less than 25 percent of the 73 recorded plenary votes in which the U.S. voted. The numbers in parenthesis are the percentage of votes with U.S. on the 16 votes considered most important by the U.S.

<u>Country</u>	<u>Voting</u>	
Algeria	18.5	(53.8)
Angola	23.4	(45.5)
Bahamas	19.6	(66.7)
Bahrain	23.5	(54.5)
Bangladesh	22.4	(45.5)
Belize	23.7	(75.0)
Bosnia-Herzegovina	19.4	(71.4)
Botswana	23.9	(58.3)
Brazil	22.7	(54.5)
Burundi	20.5	(37.5)
Cameroon	21.4	(50.0)
Central African Republic	18.2	(20.0)
China	16.4	(20.0)
Colombia	22.7	(50.0)
Comoros	22.6	(44.4)
Cote d'Ivoire	24.5	(50.0)
Cuba	11.1	(10.0)
Cyprus	22.4	(58.3)
Djibouti	21.2	(54.5)
Equatorial Guinea	0.0	(00.0)
Ethiopia	22.8	(44.4)
Ghana	18.9	(40.0)
Guyana	21.9	(50.0)
Haiti	24.6	(50.0)
India	18.5	(40.0)
Indonesia	20.6	(35.7)
Iran	21.4	(35.7)
Iraq	9.3	(11.1)
Jamaica	24.2	(60.0)
Jordan	19.7	(50.0)
Laos	12.9	(27.3)
Lebanon	18.5	(40.0)
Lesotho	23.9	(42.9)
Libya	15.2	(30.8)
Madagascar	19.0	(88.9)
Malaysia	16.9	(36.4)
Maldives	23.5	(58.3)
Mongolia	23.0	(60.0)
Morocco	21.9	(54.5)

Mozambique	23.3	(62.5)
Myanmar	14.3	(18.2)
Nicaragua	24.2	(60.0)
Niger	23.5	(50.0)
Nigeria	24.2	(50.0)
Oman	23.7	(50.0)
Pakistan	21.7	(41.7)
Philippines	21.5	(44.4)
St. Vincent-Grenadines	24.5	(75.0)
Senegal	24.6	(54.5)
Sierra Leone	17.9	(44.4)
Sudan	14.1	(23.1)
Sri Lanka	21.2	(40.0)
Tanzania	20.3	(30.0)
Thailand	23.9	(60.0)
Trinidad and Tobago	24.6	(70.0)
Tunisia	20.0	(54.5)
United Arab Emirates	24.6	(58.3)
Uganda	16.0	(25.0)
Uzbekistan	24.6	(58.3)
Vietnam	11.3	(20.0)
Yemen	14.5	(40.0)
Yugoslavia	0.0	(00.0)
Zambia	22.1	(41.7)
Zimbabwe	19.4	(27.3)

Countries that did not vote during session:

Cambodia
Georgia
Somalia
South Africa

APPENDIX 5

COMMITTEE PRINT—PART 2

JUNE 7, 1993

1 DIVISION B—FOREIGN ASSIST- 2 ANCE AND RELATED PRO- 3 GRAMS

4 SEC. 1001. SHORT TITLE.

5 This division may be cited as "Foreign Assistance
6 Authorization Act of 1993".

7 SEC. 1002. TABLE OF CONTENTS.

8 The table of contents for this division is as follows:

Sec. 1001. Short title.

Sec. 1002. Table of contents.

TITLE XI—REFORM OF FOREIGN ASSISTANCE PROGRAMS

Sec. 1101. Need for foreign assistance reform.

Sec. 1102. Evaluation and accountability.

TITLE XII—AUTHORIZATIONS FOR FOREIGN ASSISTANCE PROGRAMS

Sec. 1201. Authorizations of appropriations for fiscal year 1994.

Sec. 1202. Housing guarantee program.

Sec. 1203. Overseas Private Investment Corporation.

Sec. 1204. Special debt reduction authority.

Sec. 1205. Special Defense Acquisition Fund.

TITLE XIII—REGIONAL PROVISIONS

Sec. 1301. Sub-Saharan Africa disaster assistance.

Sec. 1302. African Development Foundation.

Sec. 1303. Conflict resolution initiative for Africa.

Sec. 1304. SADC projects.

Sec. 1305. South Africa.

Sec. 1306. Sudan.

Sec. 1307. Zaïre.

Sec. 1308. Afghanistan humanitarian assistance.

Sec. 1309. Multilateral Assistance Initiative for the Philippines.

Sec. 1310. Assistance for Eastern Europe and the Baltics.

Sec. 1311. Assistance for the independent states of the former Soviet Union.

Sec. 1312. Assistance for Mongolia.

Sec. 1313. Termination of DIET program for Malta.

- Sec. 1314. Administration of justice and other law enforcement assistance programs for Latin America and the Caribbean.
- Sec. 1315. Waiver of Brooke amendment for Nicaragua.
- Sec. 1316. Special notification requirements for Guatemala and Peru.
- Sec. 1317. Assistance for the Middle East.
- Sec. 1318. Military drawdown for Israel.

TITLE XIV—PROVISIONS RELATING TO ARMS TRANSFERS

- Sec. 1401. Competitive pricing for sales of defense articles and services.
- Sec. 1402. Increase in aggregate ceiling on transfers of excess defense articles.
- Sec. 1403. Eligibility of East European countries to receive nonlethal excess defense articles.
- Sec. 1404. Exception to payment of full cost for sales of defense training services to certain countries and international organizations.
- Sec. 1405. Eligibility of major non-NATO allies to receive certain contract services in connection with sales of defense articles and services.
- Sec. 1406. Additions to war reserve stockpiles for allies.

TITLE XV—OTHER FOREIGN ASSISTANCE PROVISIONS

- Sec. 1501. Interest accruing to nongovernmental organizations.
- Sec. 1502. Private Sector Revolving Fund.
- Sec. 1503. Development assistance through nongovernmental organizations.
- Sec. 1504. Impact of foreign assistance programs on jobs in the United States.
- Sec. 1505. Capital projects.
- Sec. 1506. Microenterprise development.
- Sec. 1507. Report on AID's implementation of Agenda 21 principles.
- Sec. 1508. Authority to provide reconstruction assistance under international disaster assistance.

1 TITLE XI—REFORM OF FOREIGN 2 ASSISTANCE PROGRAMS

3 SEC. 1101. NEED FOR FOREIGN ASSISTANCE REFORM.

4 (a) NEED FOR REFORM.—The Congress—

5 (1) remains convinced that United States for-
6 eign assistance programs and the Agency for Inter-
7 national Development are in need of immediate re-
8 form; and

9 (2) remains prepared to enact reform legislation
10 in time for the fiscal year 1995 authorization and
11 appropriations cycle.

1 (b) **COMPREHENSIVE REFORM PLAN.**—To facilitate
2 this reform process, the President shall submit to the Con-
3 gress, within 60 days after the date of enactment of this
4 Act, a plan for comprehensive reform of United States for-
5 eign assistance programs and of the agency primarily re-
6 sponsible for administering part I of the Foreign Assist-
7 ance Act of 1961.

8 **SEC. 1102. EVALUATION AND ACCOUNTABILITY.**

9 (a) **NEED FOR EVALUATION.**—In order to effectively
10 and responsibly manage the resources with which it is
11 provided, the agency primarily responsible for administer-
12 ing part I of the Foreign Assistance Act of 1961 must
13 have a capacity to evaluate objectively the extent of its
14 progress in achieving development results and to derive
15 lessons from its development experience.

16 (b) **ACTIONS TO BE TAKEN.**—In furtherance of sub-
17 section (a), the President shall establish a program per-
18 formance, monitoring, and evaluation capacity with the
19 following functions:

20 (1) To strengthen, through training and other
21 means, the use of program performance, monitoring,
22 and evaluation as a management tool, by both the
23 agency and its counterparts in countries receiving
24 assistance, in the planning, designing, and imple-

1 mentation of foreign assistance projects and pro-
2 grams.

3 (2) To develop a program performance informa-
4 tion system to afford agency managers at all levels
5 a means for monitoring and assessing achievement
6 of impact and interim performance of the agency's
7 major programs in support of the strategic manage-
8 ment of economic assistance.

9 (3) To prepare and disseminate objective and
10 periodic reports on the progress of the agency pri-
11 marily responsible for administering part I of the
12 Foreign Assistance Act of 1961 in meeting develop-
13 ment objectives and on lessons learned from its de-
14 velopment programs.

15 (4) To strengthen the capacity to utilize the
16 findings of program performance, measurement, and
17 evaluation in decisions of that agency about program
18 direction and resource allocation.

19 (5) To coordinate with the Inspector General of
20 the agency primarily responsible for admininstering
21 part I of the Foreign Assistance Act of 1961 so as
22 to ensure appropriate complementarity of efforts,
23 recognizing that—

24 (A) it is the responsibility of the agency to
25 direct a system of performance measurement

1 and independent evaluations of its programs
2 and policies, as well as the operational and
3 management systems that affect the develop-
4 ment impact of those programs and policies;
5 and

6 (B) it is the responsibility of the Inspector
7 General to conduct regular and comprehensive
8 assessments and audit of financial management
9 and administrative systems, including the ade-
10 quacy of the systems for monitoring and evalu-
11 ating agency projects and programs.

12 (c) ACCOUNTABILITY.—The President shall prepare
13 an annual report to the Congress as a separate part of
14 the congressional presentation materials of the agency pri-
15 marily responsible for administering part I of the Foreign
16 Assistance Act of 1961. This report shall include the fol-
17 lowing:

18 (1) An assessment of progress toward the
19 achievement of sustainable development objectives,
20 based on the findings of program performance, mon-
21 itoring, and evaluation studies conducted by that
22 agency and on such other empirical analyses as may
23 be appropriate.

24 (2) An analysis, on a country-by-country basis
25 (with each country receiving economic assistance

1 under part I of the Foreign Assistance Act of 1961
2 or the Support for East European Democracy
3 (SEED) Act of 1989 being included at least once
4 every 5 years), of the impact on economic develop-
5 ment in each country during the preceding 3 to 5
6 fiscal years of United States economic assistance
7 programs, with a discussion of the United States in-
8 terests that were served by the assistance. For each
9 such country, the analysis shall—

10 (A) describe the specific objectives the
11 United States sought to achieve in providing
12 economic assistance, and specify the extent to
13 which those objectives were or were not
14 achieved;

15 (B) to the extent possible, be done on a
16 sector-by-sector basis and identify trends within
17 each sector and, if relevant, identify any eco-
18 nomic policy reforms conducive to sustainable
19 economic growth that were promoted by the as-
20 sistance and the progress being made by such
21 country in adopting economic policies that fos-
22 ter and enhance the freedom and opportunity of
23 individuals to participate in economic growth in
24 that country;

(C) as part of the context of United States economic assistance, describe the amount and nature of economic assistance provided by other major donors during the preceding 3 to 5 fiscal years, set forth by the development sector to the extent possible;

(D) describe the trends, both favorable and unfavorable, in each development sector; and

(E) contain statistical and other information necessary to evaluate the impact and effectiveness of United States economic assistance on development in the country.

TITLE XII—AUTHORIZATIONS FOR FOREIGN ASSISTANCE PROGRAMS

SEC. 1201. AUTHORIZATIONS OF APPROPRIATIONS FOR FISCAL YEAR 1994.

(a) ECONOMIC ASSISTANCE.—There are authorized to be appropriated for fiscal year 1994 the following amounts for the following purposes:

(1) DEVELOPMENT ASSISTANCE FUND.—
\$850,000,000 to carry out sections 103 through 106 of the Foreign Assistance Act of 1961.

1 (2) POPULATION, DEVELOPMENT ASSIST-
2 ANCE.—\$395,000,000 to carry out section 104(b) of
3 the Foreign Assistance Act of 1961.

4 (3) DEVELOPMENT FUND FOR AFRICA.—
5 \$900,000,000 to carry out chapter 10 of part I of
6 the Foreign Assistance Act of 1961.

7 (4) INTERNATIONAL DISASTER ASSISTANCE.—
8 \$148,965,000 to carry out section 491 of the For-
9 eign Assistance Act of 1961.

10 (5) AMERICAN SCHOOLS AND HOSPITALS.—
11 \$35,000,000 to carry out section 214 of the Foreign
12 Assistance Act of 1961.

13 (6) MULTILATERAL ASSISTANCE INITIATIVE
14 FOR THE PHILIPPINES.—\$30,000,000 for assistance
15 for the Philippines under chapter 4 of part I of the
16 Foreign Assistance Act of 1961.

17 (7) ASSISTANCE FOR EASTERN EUROPE AND
18 THE BALTIC STATES.—\$400,000,000 for economic
19 assistance for Eastern Europe and the Baltic states
20 under the Foreign Assistance Act of 1961 and the
21 Support for East European Democracy (SEED) Act
22 of 1989.

23 (8) ASSISTANCE FOR THE INDEPENDENT
24 STATES OF THE FORMER SOVIET UNION.—
25 \$903.820,000 to carry out chapter 11 of part I of

the Foreign Assistance Act of 1961 and to carry out exchanges and training and similar programs under section 807 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992.

(9) INTER-AMERICAN FOUNDATION.—\$30,960,000 to carry out section 401 of the Foreign Assistance Act of 1969.

(10) AFRICAN DEVELOPMENT FOUNDATION.—\$18,000,000 to carry out the African Development Foundation Act.

(11) INTERNATIONAL FUND FOR IRELAND.—\$19,600,000 to carry out part I of the Foreign Assistance Act of 1961, which shall be available for the United States contribution to the International Fund for Ireland in accordance with the Anglo-Irish Agreement Support Act of 1986. Amounts appropriated under this paragraph are authorized to remain available until expended.

(b) SECURITY ASSISTANCE.—There are authorized to be appropriated for fiscal year 1994 the following amounts for the following purposes:

(1) FOREIGN MILITARY FINANCING PROGRAM GRANTS.—\$3,200,000,000 for grants under section 23 of the Arms Export Control Act. Funds made

1 available under this paragraph shall be nonrepayable
2 notwithstanding any requirement of that section.

3 (2) - FOREIGN MILITARY FINANCING PROGRAM
4 LOANS.—\$57,000,000 for the cost (as defined in
5 section 502(5) of the Federal Credit Reform Act of
6 1990) of loans under section 23 of the Arms Export
7 Control Act.

8 (3) ECONOMIC SUPPORT FUND.—
9 \$2,424,400,000 to carry out chapter 4 of part II of
10 the Foreign Assistance Act of 1961.

11 (4) INTERNATIONAL MILITARY EDUCATION AND
12 TRAINING.—\$40,000,000 to carry out chapter 5 of
13 part II of the Foreign Assistance Act of 1961.

14 (5) ANTI-TERRORISM ASSISTANCE.—
15 \$15,555,000 to carry out chapter 8 of part II of the
16 Foreign Assistance Act of 1961.

17 (6) NONPROLIFERATION AND DISARMAMENT
18 FUND.—\$25,000,000 to carry out section 504 of the
19 Freedom for Russia and Emerging Eurasian Democ-
20 racies and Open Markets Support Act of 1992.

21 (c) PEACE CORPS.—There are authorized to be ap-
22 propriated \$219,745,000 for fiscal year 1994 to carry out
23 the Peace Corps Act.

24 (d) REDUCTIONS IN PREVIOUSLY ENACTED AUTHOR-
25 IZATION FOR INTERNATIONAL NARCOTICS CONTROL AS-

1 **SISTANCE.**—Section 482(a)(1) of the Foreign Assistance
 2 Act of 1961 is amended by striking “\$171,500,000” and
 3 inserting “\$135,000,000”.

4 (e) **RULE OF CONSTRUCTION.**—In order to ensure
 5 that all otherwise applicable authorities, restrictions, and
 6 other provisions of law apply with respect to the amounts
 7 that are authorized to be appropriated by this section for
 8 fiscal year 1994, those amounts shall be deemed to be au-
 9 thorized to be appropriated by the provision of the Foreign
 10 Assistance Act of 1961 or other Act that provided the cor-
 11 responding authorization of appropriations for prior fiscal
 12 years.

13 **SEC. 1202. HOUSING GUARANTEE PROGRAM.**

14 (a) **AUTHORIZATIONS.**—

15 (1) **COST OF GUARANTEED LOANS.**—There are
 16 authorized to be appropriated \$16,407,000 for fiscal
 17 year 1994 for the cost (as defined in section 502(5)
 18 of the Federal Credit Reform Act of 1990) of guar-
 19 anteed loans under sections 221 and 222 of the For-
 20 eign Assistance Act of 1961.

21 (2) **PROGRAM CEILING.**—Section 222(a) of that
 22 Act is amended by striking “\$2,558,000,000” in the
 23 second sentence and inserting “\$3,000,000,000”.

1 (3) PROGRAM EXPIRATION DATE.—Section
2 222(a) of that Act is amended by striking “1992”
3 in the third sentence and inserting “1995”.

4 (4) ADMINISTRATIVE EXPENSES.—(A) There
5 are authorized to be appropriated \$8,407,000 for
6 fiscal year 1994 for administrative expenses to carry
7 out guaranteed loan programs under sections 221
8 and 222 of that Act. Amounts appropriated under
9 this paragraph are authorized to remain available
10 until expended.

11 (B) Amounts appropriated under this para-
12 graph may be transferred to and merged with the
13 appropriations for “Operating Expenses of the
14 Agency for International Development”.

15 (b) PREFERENTIAL TREATMENT TO PROJECTS IN
16 POORER COUNTRIES.—Section 222 of the Foreign Assist-
17 ance Act of 1961 is amended—

18 (1) by redesignating subsection (k) as sub-
19 section (e); and

20 (2) by inserting after subsection (c) the fol-
21 lowing:

22 “(d) PREFERENTIAL CONSIDERATION TO PROJECTS
23 IN POORER COUNTRIES.—In issuing guarantees under
24 this section and in carrying out related activities, the
25 President shall give preferential consideration to projects

1 in countries with an annual per capita income of \$1,196
2 or less in 1991 United States dollars, and shall restrict
3 guarantees and related activities for projects in countries
4 with an annual per capita income of \$5,190 or more in
5 1991 United States dollars.”.

6 (c) FEE INCREASE.—

7 (1) STUDY.—The administrator of the agency
8 primarily responsible for administering part I of the
9 Foreign Assistance Act of 1961—

10 (A) shall conduct a study to determine the
11 feasibility of increasing the fees charged pursu-
12 ant to section 223(a) of that Act for guarantees
13 issued under sections 221 and 222 of that Act
14 in an effort to reduce the costs (as defined in
15 section 502(5) of the Federal Credit Reform
16 Act of 1990) of the guarantee program; and

17 (B) shall submit the results of this study
18 to the Committee on Foreign Affairs of the
19 House of Representatives and the Committee
20 on Foreign Relations of the Senate not later
21 than 6 months after the date of enactment of
22 this Act.

23 (2) POLICY.—The administrator should in-
24 crease the fees described in paragraph (1)(A) to the

1 extent determined to be feasible in the study con-
2 ducted pursuant to this subsection.

3 SEC. 1203. OVERSEAS PRIVATE INVESTMENT COR-
4 PORATION.

5 (a) PROGRAM AUTHORIZATION OF FISCAL YEAR
6 1995.—Section 235(a) of the Foreign Assistance Act of
7 1961 is amended—

8 (1) in paragraph (1) by striking
9 “\$9,000,000,000” and inserting “\$10,000,000,000”;
10 (2) in paragraph (2)(A) by striking
11 “\$2,500,000,000” and inserting “\$3,500,000,000”;
12 and

13 (3) in paragraph (2)(B)—

14 (A) by striking “and” at the end of clause
15 (i);

16 (B) by striking the period at the end of
17 clause (ii) and inserting “; and”; and

18 (C) by inserting after clause (iii) the fol-
19 lowing:

20 “(iii) to transfer such sums as are nec-
21 essary from its noncredit account revolving
22 fund to pay for the subsidy cost of a program
23 level for the loan and loan guarantee program
24 under subsections (b) and (c) of section 234 of
25 \$1,000,000,000 for fiscal year 1995.”.

1 (b) **TERMINATION DATE.**—Section 235(a)(3) of that
2 Act is amended by striking “1994” and inserting “1995”.

3 (c) **ADMINISTRATIVE EXPENSES.**—Section 235(g) of
4 that Act is amended—

5 (1) in paragraph (1) by striking “and”;

6 (2) in paragraph (2) by striking the period and
7 inserting “; and”; and

8 (3) by adding at the end the following new
9 paragraph:

10 “(3) \$15,000,000 for fiscal year 1995.”.

11 **SEC. 1204. SPECIAL DEBT REDUCTION AUTHORITY.**

12 (a) **AUTHORITY TO REDUCE DEBT.**—Not-
13 withstanding any other provision of law (other than the
14 Federal Credit Reform Act of 1990), the President may
15 reduce amounts of principal and interest owed to the Unit-
16 ed States (or any agency of the United States) by an eligi-
17 ble country as a result of—

18 (1) guarantees issued under sections 221 and
19 222 of the Foreign Assistance Act of 1961; or

20 (2) credits extended or guarantees issued under
21 the Arms Export Control Act.

22 (b) **IMPLEMENTATION OF PARIS CLUB DEBT REDUC-**
23 **TION.**—The authority provided by this section may be ex-
24 ercised only to implement the multilateral official debt re-

1 lief ad referendum agreements that are commonly referred
2 to as "Paris Club Agreed Minutes".

3 (c) **APPROPRIATIONS REQUIREMENT.**—The authority
4 provided by this section may be exercised only in such
5 amounts or to such extent as is provided in advance by
6 appropriations Acts in accordance with the requirements
7 of the Federal Credit Reform Act of 1990.

8 (d) **ELIGIBLE COUNTRIES.**—For purposes of this sec-
9 tion, the term "eligible country" means a country that the
10 President determines—

11 (1) has a heavy debt burden; and

12 (2) is eligible to borrow from the International
13 Development Association but not from the Inter-
14 national Bank for Reconstruction and Development
15 (commonly referred to as an "IDA-only" country).

16 **SEC. 1205. SPECIAL DEFENSE ACQUISITION FUND.**

17 (a) **DECAPITALIZATION.**—Notwithstanding section
18 51(b) of the Arms Export Control Act, collections de-
19 scribed in that section that are in excess of obligational
20 authority provided in foreign operations, export financing,
21 and related appropriations Acts for fiscal years prior to
22 fiscal year 1994 shall be deposited in the Treasury as mis-
23 cellaneous receipts.

24 (b) **AVOIDANCE OF DUPLICATIVE PROVISIONS.**—Sub-
25 section (a) shall not apply if the Foreign Operations, Ex-

1 port Financing, and Related Programs Appropriations
 2 Act, 1994, contains an identical requirement.

3 **TITLE XIII—REGIONAL** 4 **PROVISIONS**

5 **SEC. 1301. SUB-SAHARAN AFRICA DISASTER ASSISTANCE.**

6 The Congress expects that not less than
 7 \$100,000,000 of the funds made available for fiscal year
 8 1994 to carry out section 491 of the Foreign Assistance
 9 Act of 1961 (relating to international disaster assistance)
 10 will be used for disaster relief, rehabilitation, and recon-
 11 struction assistance for Sub-Saharan Africa.

12 **SEC. 1302. AFRICAN DEVELOPMENT FOUNDATION.**

13 (a) **CEILING ON ASSISTANCE FOR A PROJECT.**—Sec-
 14 tion 505(a)(2) of the African Development Foundation
 15 Act is amended by adding at the end the following: "In
 16 exceptional circumstances, the board of directors of the
 17 Foundation may waive such dollar limitation with respect
 18 to a project. Any such waivers shall be reported to the
 19 Congress annually."

20 (b) **AUTHORITY TO EMPLOY ALIENS.**—Section
 21 506(a) of that Act is amended—

22 (1) by redesignating paragraphs (8) through
 23 (12) as paragraphs (9) through (13), respectively;
 24 and

(2) by inserting after paragraph (7) the following new paragraph (8):

“(8) when determined by the president of the Foundation to be necessary (but subject to the limitation established by paragraph (7) on the number of Foundation employees), may employ persons who are not citizens of the United States notwithstanding any provision of law that would otherwise prohibit the use of appropriated funds to pay the compensation of officers or employees of the Government who are not citizens of the United States;”.

(c) TRAVEL EXPENSES.—

(1) MEMBERS OF BOARD.—Section 507(b) of that Act is amended by striking “actual and necessary expenses not exceeding \$100 per day, and for transportation expenses,” and inserting “travel expenses, including per diem in lieu of subsistence, in accordance with section 5703 of title 5, United States Code,”.

(2) CONFORMING AMENDMENT.—Section 507(e)(3) of that Act is amended by striking “and other expenses” and inserting “expenses, including per diem in lieu of subsistence,”.

(d) INTEREST ACCRUING TO GRANTEEES.—

1 (1) **AUTHORITY TO RETAIN.**—The African De-
2 velopment Foundation Act is amended by adding at
3 the end the following:

4 **“SEC. 511. INTEREST ACCRUING TO GRANTEES.**

5 “When, with the permission of the Foundation, funds
6 made available to a grantee under this title are invested
7 pending disbursement, the resulting interest is not re-
8 quired to be deposited in the United States Treasury if
9 the grantee uses the resulting interest for the purpose for
10 which the grant was made.”.

11 (2) **EFFECTIVE DATE.**—The amendment made
12 by paragraph (1) applies to both interest earned be-
13 fore and interest earned after the date of enactment
14 of this Act.

15 **SEC. 1303. CONFLICT RESOLUTION INITIATIVE FOR AFRICA.**

16 (a) **IMPROVING OAU’S CONFLICT RESOLUTION CA-**
17 **PABILITIES.**—

18 (1) **DESCRIPTION OF ASSISTANCE.**—The Presi-
19 dent is authorized to provide assistance to help es-
20 tablish a permanent conflict resolution capability
21 within the Organization of African Unity (referred
22 to in this subsection as the “OAU”), as follows:

23 (A) Funds may be provided to the OAU
24 for use in supporting its conflict resolution ca-
25 pability.

1 (B) Funds may be used for expenses of
2 sending individuals with expertise in conflict
3 resolution (who may include United States Gov-
4 ernment employees) from the United States to
5 work with the OAU for a period of up to 2
6 years.

7 (C) Funds may be provided to the OAU to
8 support the establishment and maintenance of
9 an African Conflict Resolution Research Center
10 that is linked to the OAU secretariat.

11 (2) FUNDING.—Of the funds that are allocated
12 for sub-Saharan Africa under chapter 4 of part II
13 of the Foreign Assistance Act of 1961 (relating to
14 the economic support fund), up to \$1,500,000 for
15 each of the fiscal years 1994 through 1998 may be
16 used to carry out paragraph (1), in addition to
17 funds otherwise available for such purpose.

18 (3) REQUIREMENT FOR APPROVAL OF CERTAIN
19 REFORMS.—Assistance may be provided pursuant to
20 this subsection only if the President determines that
21 the OAU has approved and is in the process of im-
22 plementing the reforms proposed by the Secretary
23 General of the OAU in February 1993 in the In-
24 terim Report of the Secretary General on the Mech-

1 anisms for Conflict Prevention, Resolution and Man-
2 agement.

3 (b) IMPROVING CONFLICT RESOLUTION CAPABILI-
4 TIES OF MULTILATERAL SUBREGIONAL ORGANIZA-
5 TIONS.—

6 (1) TYPES OF ASSISTANCE TO BE PROVIDED.—

7 The President is authorized to provide assistance to
8 help establish permanent conflict resolution capabili-
9 ties within subregional organizations established by
10 countries in sub-Saharan Africa, as follows:

11 (A) Funds may be provided to such an or-
12 ganization for use in supporting its conflict res-
13 olution capability.

14 (B) Fund may be used for the expenses of
15 sending individuals with expertise in conflict
16 resolution (who may include United States Gov-
17 ernment employees) from the United States to
18 work with such an organization for a period of
19 up to 2 years.

20 (2) FUNDING.—Of the funds that are allocated
21 for sub-Saharan Africa under chapter 4 of part II
22 of the Foreign Assistance Act of 1961 (relating to
23 the economic support fund), up to \$1,500,000 for
24 each of the fiscal years 1994 through 1998 may be
25 used to carry out paragraph (1)

1 (c) AFRICAN DEMOBILIZATION AND RETRAINING
2 PROGRAM.—

3 (1) IN GENERAL.—In order to facilitate reduc-
4 tions in the size of the armed forces of countries of
5 sub-Saharan Africa, the President is authorized to
6 provide assistance for—

7 (A) encampment and related activities as-
8 sociated with demobilization of such forces, and

9 (B) the retraining for civilian occupations
10 of military personnel who have been demobi-
11 lized.

12 (2) FUNDING.—(A) Of the funds that are allo-
13 cated for sub-Saharan Africa under the “Foreign
14 Military Financing Program” account under section
15 23 of the Arms Export Control Act, up to
16 \$5,000,000 for fiscal year 1994 may be used for the
17 assistance described in paragraph (1)(A).

18 (B) Of the funds that are allocated for sub-Sa-
19 haran Africa under chapter 4 of part II of the For-
20 eign Assistance Act of 1961 (relating to the eco-
21 nomic support fund), up to \$5,000,000 for fiscal
22 year 1994 may be used for the assistance described
23 in paragraph (1)(A).

24 (C) A portion of the funds made available for
25 fiscal year 1994 to carry out chapter 10 of part I

1 of the Foreign Assistance Act of 1961 (relating to
2 the Development Fund for Africa) may be used for
3 the assistance described in paragraph (1)(B).

4 (d) **IMET CONFLICT RESOLUTION PROGRAM.**—
5 Chapter 5 of part II of the Foreign Assistance Act of 1961
6 is amended by adding at the end the following:

7 **“SEC. 546. CONFLICT RESOLUTION PROGRAM FOR AFRICA.**

8 “In addition to the other education and training ac-
9 tivities carried out under this chapter, the President shall
10 establish a program to provide education and training in
11 conflict resolution for civilian and military personnel of
12 countries in sub-Saharan Africa.”.

13 **SEC. 1304. SADC PROJECTS.**

14 (a) **WAIVER OF BROOKE AMENDMENT.**—Section
15 620(q) of the Foreign Assistance Act of 1961 and the cor-
16 responding section of the Foreign Operations, Export Fi-
17 nancing, and Related Programs Appropriations Act, 1994,
18 shall not apply with respect to assistance provided for fis-
19 cal year 1994 under section 496(o) of the Foreign Assist-
20 ance Act of 1961.

21 (b) **TECHNICAL AMENDMENT.**—Section 496(o) of the
22 Foreign Assistance Act of 1961 is amended—

23 (1) in the subsection heading by striking
24 “SADCC” and inserting “SADC”; and

1 (2) in paragraph (1) by striking "Coordination
2 Conference (SADCC)" and inserting "Community
3 (SADC)".

4 **SEC. 1305. SOUTH AFRICA.**

5 (a) **REMOVAL OF CEILINGS ON GRANTS FOR HUMAN**
6 **RIGHTS PROJECTS.**—Section 116 of Foreign Assistance
7 Act of 1961 is amended—

8 (1) by repealing subparagraphs (C) and (D) of
9 subsection (e)(2); and

10 (2) in subsection (f)—

11 (A) by repealing paragraph (2), and

12 (B) by striking "(f)(1)" and inserting
13 "(f)" and by redesignating subparagraphs (A)
14 through (E) as paragraphs (1) through (5), re-
15 spectively.

16 (b) **EXCEPTION TO LIMITATION ON ASSISTANCE RE-**
17 **CIPIENTS.**—

18 (1) **ASSISTANCE UNDER SECTION 116.**—Section
19 116(e)(2)(B) of that Act is amended—

20 (A) in the fourth sentence, by striking "or
21 to organizations financed or controlled by the
22 Government of South Africa"; and

23 (B) by adding at the end the following new
24 sentences: "A nongovernmental organization fi-
25 nanced or controlled by the Government of

1 South Africa that meets the criteria specified in
2 this subparagraph may receive assistance under
3 this paragraph only if the President determines
4 that (i) the activities of that organization fur-
5 ther the purposes of the establishment of a non-
6 racial democratic state in South Africa, (ii) the
7 provision of assistance to that organization will
8 further the objective of this paragraph to assist
9 disadvantaged South Africans, and (iii) the
10 Government of South Africa is continuing to
11 make progress toward dismantling apartheid
12 and establishing a nonracial democracy. Before
13 making such determinations, the President shall
14 consult with the appropriate congressional com-
15 mittees and with South African organizations
16 that are representative of the majority popu-
17 lation of South Africa and should seek a com-
18 mitment from the Government of South Africa
19 that it will provide additional resources to meet
20 the needs of disadvantaged South Africans. As
21 used in the preceding sentence, the term 'appro-
22 priate congressional committees' means the
23 Committee on Foreign Affairs and the Commit-
24 tee on Appropriations of the House of Rep-
25 resentatives and the Committee on Foreign Re-

lations and the Committee on Appropriations of the Senate.”.

(2) ASSISTANCE UNDER SECTION 117.—Section 117 of that Act (as added by section 201(b) of the Comprehensive Anti-Apartheid Act of 1986) is amended by adding at the end the following: “In addition, a nongovernmental organization that meets the criteria specified in the first 2 sentences of this section but receives funds from the Government of South Africa may receive assistance under this section if the President determines that such organization meets the requirements of the 5th sentence of section 116(e)(2)(B), and such determination is made in accordance with the 6th sentence of such section.”.

16 SEC. 1306. SUDAN.

17 (a) STATEMENT OF THE CONGRESS.—The
18 Congress—

19 (1) strongly condemns the Government of
20 Sudan for its severe human rights abuses and calls
21 upon that government to improve human rights con-
22 ditions throughout the country;

23 (2) deplores the internecine fighting among the
24 factions of the Sudanese People’s Liberation Army;

(3) urges the Government of Sudan and the factions of the Sudanese People's Liberation Army to provide full access for and to cooperate with relief organizations;

(4) encourages the Government of Sudan to lift the press ban which was imposed after it took power in June 1989; and

(5) calls on the Government of Sudan to establish a democratic system.

(b) RESTRICTIONS ON ASSISTANCE.—Except as provided in subsection (c), assistance may not be provided for Sudan for fiscal year 1994—

(1) under chapter 1 or chapter 10 of part I of the Foreign Assistance Act of 1961 (relating to development assistance and the Development Fund for Africa),

(2) under chapter 4 of part II of that Act (relating to the economic support fund),

(3) under chapter 5 of part II of that Act (relating to international military education and training), or

(4) from the "Foreign Military Financing Program" account under section 23 of the Arms Export Control Act.

(c) WAIVER OF RESTRICTIONS.—

1 (1) AUTHORIZATION.—The President may
2 waive the prohibitions in subsection (b) if the Presi-
3 dent determines, and reports in accordance with
4 paragraph (2), that there is substantial progress in
5 southern Sudan toward respecting human rights, re-
6 solving the conflict in that region, establishing a
7 democratically elected government, and establishing
8 a reformed and independent judiciary system.

9 (2) CONGRESSIONAL REVIEW OF DETERMINA-
10 TION.—A determination under paragraph (1) shall
11 not become effective until 15 days after it is re-
12 ported to the congressional committees specified in
13 section 634A(a) of the Foreign Assistance Act of
14 1961 in accordance with the procedures applicable to
15 reprogramming notifications under that section.

16 **SEC. 1307. ZAIRE.**

17 (a) STATEMENT OF THE CONGRESS.—The
18 Congress—

19 (1) strongly condemns the disruptive measures
20 taken by President Mobutu in recent months, and
21 holds President Mobutu responsible for the current
22 political crisis in Zaire;

23 (2) stresses the importance of a successful tran-
24 sition to democracy in Zaire;

(3) urges the President of the United States to pressure President Mobutu to leave Zaire so that the legitimate transitional government can proceed with the process of democratization as mandated by the Sovereign National Conference;

(4) urges the President of the United States to impose, in conjunction with our allies, a variety of sanctions on President Mobutu, including—

(A) freezing the bank accounts of President Mobutu, his family and associates;

(B) denying visas to President Mobutu, his family and associates; and

(C) expelling Mobutu's ambassador;

(5) congratulates the people of Zaire for their courageous support of democracy in the face of powerful opposition; and

(6) expresses its readiness to explore further ways of providing support for democracy and political pluralism in Zaire.

(b) RESTRICTIONS ON ASSISTANCE.—

(1) SECURITY ASSISTANCE.—Except as provided in subsection (c), assistance may not be provided for Zaire for fiscal year 1994—

1 (A) under chapter 4 of part II of the For-
 2 eign Assistance Act of 1961 (relating to the
 3 economic support fund),

4 (B) under chapter 5 of part II of that Act
 5 (relating to international military education and
 6 training), or

7 (C) from the "Foreign Military Financing
 8 Program" account under section 23 of the
 9 Arms Export Control Act.

10 (2) DEVELOPMENT ASSISTANCE.—Except as
 11 provided in subsection (c), assistance under chapter
 12 1 or chapter 10 of part I of the Foreign Assistance
 13 Act of 1961 (relating to development assistance and
 14 the Development Fund for Africa) for fiscal year
 15 1994 shall not be transferred to the Government of
 16 Zaire. This paragraph does not prohibit non-
 17 governmental organizations from working with ap-
 18 propriate ministries or departments of the Govern-
 19 ment of Zaire.

20 (c) WAIVER WHEN THE DEMOCRATIC PROCESS IS
 21 RESTORED.—

22 (1) AUTHORIZATION.—The President may
 23 waive the prohibitions in subsection (b) if the Presi-
 24 dent determines, and reports in accordance with
 25 paragraph (2), that democracy has been restored in

1 Zaire, that President Mobutu is no longer a threat
2 to the elected government, and that the elected gov-
3 ernment is committed to bringing about freedom of
4 expression for the people of Zaire, a reformed and
5 independent judiciary, and reform of, and applica-
6 tions of the rule of law to, Zaire security forces.

7 (2) CONGRESSIONAL REVIEW OF DETERMINA-
8 TION.—A determination under paragraph (1) shall
9 not become effective until 15 days after it is re-
10 ported to the congressional committees specified in
11 section 634A(a) of the Foreign Assistance Act of
12 1961 in accordance with the procedures applicable to
13 reprogramming notifications under that section.

14 **SEC. 1308. AFGHANISTAN HUMANITARIAN ASSISTANCE.**

15 (a) AUTHORIZATION.—Funds described in subsection
16 (c) may be made available for the provision of food, medi-
17 cine, or other humanitarian assistance to the Afghan peo-
18 ple notwithstanding any other provision of law.

19 (b) ASSISTANCE FOR AFGHAN WOMEN AND GIRLS.—
20 In carrying out this section, the Administrator of the
21 agency primarily responsible for carrying out part I of the
22 Foreign Assistance Act of 1961 shall ensure that an equi-
23 table portion of the funds is made available to benefit Af-
24 ghan women and girls, particularly in programs in refugee

1 camps in Pakistan and in reconstruction projects in Af-
 2 ghanistan.

3 (c) FUNDING.—Up to \$20,000,000 of the aggregate
 4 amount of funds made available for fiscal year 1994 to
 5 carry out chapter 1 of part I of the Foreign Assistance
 6 Act of 1961 (relating to development assistance) and
 7 chapter 4 of part II (relating to the economic support
 8 fund) may be used pursuant to this section.

9 **SEC. 1309. MULTILATERAL ASSISTANCE INITIATIVE FOR**
 10 **THE PHILIPPINES.**

11 Part I of the Foreign Assistance Act of 1961 is
 12 amended by inserting after chapter 3 the following:

13 “Chapter 4—Multilateral Assistance Initiative for the
 14 Philippines

15 **“SEC. 401. AUTHORIZATION OF ASSISTANCE.**

16 “(a) AUTHORIZATION.—The President is authorized
 17 to provide economic assistance for the Phillipines under
 18 the ‘Multilateral Assistance Initiative’ account. Such as-
 19 sistance shall be provided on such terms and conditions
 20 as the President may determine.

21 “(b) AUTHORIZATION FOR EXTENDED PERIOD OF
 22 AVAILABILITY.—Amounts appropriated to carry out this
 23 chapter are authorized to remain available until ex-
 24 pended.”.

1 **SEC. 1310. ASSISTANCE FOR EASTERN EUROPE AND THE**
 2 **BALTICS.**

3 (a) **ECONOMIC ASSISTANCE.**—Section 3 of the Sup-
 4 port for East European Democracy (SEED) Act of 1989
 5 is amended—

6 (1) by redesignating subsection (c) as sub-
 7 section (e); and

8 (2) by inserting after subsection (b) the fol-
 9 lowing:

10 “(c) **INAPPLICABILITY OF RESTRICTIONS AND RE-**
 11 **QUIREMENTS.**—Assistance provided for an East European
 12 country under this Act or under part I of the Foreign As-
 13 sistance Act of 1961 may be provided notwithstanding any
 14 other provision of law, other than section 634A(a) of that
 15 Act. Section 634A(a) of that Act shall also apply to funds
 16 made available to carry out this Act.

17 “(d) **AUTHORIZATION FOR EXTENDED PERIOD OF**
 18 **AVAILABILITY.**—Amounts appropriated for economic as-
 19 sistance for East European countries and the Baltic states
 20 under this Act or the Foreign Assistance Act of 1961 are
 21 authorized to remain available until expended.”.

22 (b) **ASSISTANCE FOR VICTIMS OF WAR CRIMES IN**
 23 **THE FORMER YUGOSLAVIA.**—Assistance provided under
 24 section 491 of the Foreign Assistance Act of 1961 (relat-
 25 ing to international disaster assistance) and assistance
 26 provided under the Migration and Refugee Assistance of

1 1962 may include assistance for the victims of torture,
 2 rape, and other war crimes in the former Yugoslavia and
 3 for the families of such victims, especially children, with
 4 a particular focus on victims of the war in Bosnia-
 5 Herzegovina. Such assistance may include activities such
 6 as—

7 (1) the provision of medical, psychological, and
 8 psychiatric care and crisis counseling for victims of
 9 war crimes stemming from the conflict in the former
 10 Yugoslavia, whether provided in the United States
 11 or abroad;

12 (2) the training of individuals in the former
 13 Yugoslavia, including individuals who have been the
 14 victims of torture and individuals of the Moslem
 15 faith, to provide medical, psychological, and psy-
 16 chiatric care and crisis counseling; and

17 (3) the procurement of necessary medical and
 18 training supplies.

19 (c) CORRECTION OF REFERENCE.—Subsection (e) of
 20 section 3 of the Support for East European Democracy
 21 (SEED) Act of 1989, as so redesignated by subsection (a)
 22 of this section, is amended—

23 (1) by striking “and Slovak Federal”; and

24 (2) by inserting “the Slovak Republic,” after
 25 “Romania.”

1 **SEC. 1311. ASSISTANCE FOR THE INDEPENDENT STATES OF**
 2 **THE FORMER SOVIET UNION.**

3 (a) **PROHIBITION OF ASSISTANCE TO INDEPENDENT**
 4 **STATES THAT TRANSFER CERTAIN CONVENTIONAL**
 5 **WEAPONS TO IRAN.**—Section 498A(b)(3) of the Foreign
 6 Assistance Act of 1961 is amended—

7 (1) in the text preceding subparagraph (A), by
 8 striking “to another country”;

9 (2) in subparagraph (A)—

10 (A) by inserting “to another country” after
 11 “missiles or missile technology”; and

12 (B) by striking “or” at the end of such
 13 subparagraph;

14 (3) in subparagraph (B)—

15 (A) by inserting “to another country” after
 16 “any material, equipment, or technology”; and

17 (B) by striking “of such weapon;” and in-
 18 serting “of such weapon; or”; and

19 (4) by adding at the end the following new sub-
 20 paragraph:

21 “(C) sophisticated or destabilizing conven-
 22 tional weapons to Iran.”.

23 (b) **WAVER AUTHORITY.**—Section 498B(j)(1) of
 24 that Act is amended—

25 (1) by inserting “or 1994” after “1993” both
 26 places it appears; and

1 (2) by striking "by this chapter" and inserting
2 "to carry out this chapter".

3 (c) ASSISTANCE IN EXCHANGE FOR COMMODITIES.—
4 Section 498B of that Act is amended—

5 (1) by redesignating subsection (k) as sub-
6 section (l); and

7 (2) by inserting after subsection (j) the fol-
8 lowing new subsection:

9 “(k) ASSISTANCE IN EXCHANGE FOR COMMOD-
10 ITIES.—The President is authorized to provide assistance
11 under this chapter in exchange for materials or commod-
12 ities, including any strategic material and any commodity
13 the international supply of which is in such excess as to
14 jeopardize United States production of such commodity.”.

15 (d) IMPROVING MONITORING OF ECONOMIC PER-
16 FORMANCE IN THE INDEPENDENT STATES.—Section
17 498B of that Act is further amended—

18 (1) by redesignating subsection (l) as subsection
19 (m); and

20 (2) by inserting after subsection (k), as added
21 by the subsection (c) of this section, the following
22 new subsection:

23 “(l) IMPROVING MONITORING OF ECONOMIC PER-
24 FORMANCE IN THE INDEPENDENT STATES.—Assistance
25 under section 498 shall include training and other tech-

1 nical assistance to develop capabilities to monitor eco-
 2 nomic performance in the independent states of the former
 3 Soviet Union through the collection, analysis, and dissemi-
 4 nation of economic statistical data.”.

5 **SEC. 1312. ASSISTANCE FOR MONGOLIA.**

6 The President is authorized to use funds made avail-
 7 able to carry out chapter 11 of part I of the Foreign As-
 8 sistance Act of 1961 (relating to assistance for the inde-
 9 pendent states of the former Soviet Union) to provide as-
 10 sistance for Mongolia under the same authorities, restric-
 11 tions, and other provisions that are applicable to assist-
 12 ance under that chapter for independent states of the
 13 former Soviet Union.

14 **SEC. 1313. TERMINATION OF IMET PROGRAM FOR MALTA.**

15 Funds made available for fiscal year 1994 to carry
 16 out chapter 5 of part II of the Foreign Assistance Act
 17 of 1961 (relating to the international military education
 18 and training program) may not be obligated for Malta.

19 **SEC. 1314. ADMINISTRATION OF JUSTICE AND OTHER LAW**
 20 **ENFORCEMENT ASSISTANCE PROGRAMS FOR**
 21 **LATIN AMERICA AND THE CARIBBEAN.**

22 (a) **EXTENSION OF PROGRAM AUTHORITY.**—Section
 23 534 of the Foreign Assistance Act of 1961 is amended
 24 by striking the last sentence of subsection (e) and by in-
 25 serting after subsection (e) the following:

1 “(f) The authority of this section shall expire on Sep-
2 tember 30, 1994.”.

3 (b) **ELIMINATION OF PROGRAM CEILINGS.**—Section
4 534 of that Act is amended—

5 (1) by repealing the second sentence of sub-
6 section (e); and

7 (2) by amending subsection (c) to read as fol-
8 lows:

9 “(c) **AUTHORITY TO USE ESF FUNDS.**—Funds made
10 available to carry out this chapter may be used to provide
11 assistance under this section.”.

12 (c) **PROTECTION OF PARTICIPANTS IN JUDICIAL**
13 **CASES.**—Section 534(b)(3) of that Act is amended—

14 (1) by redesignating subparagraphs (C) and
15 (D) as subparagraphs (D) and (E), respectively; and

16 (2) by inserting after subparagraph (B) the fol-
17 lowing:

18 “(C) programs to enhance protection of
19 participants in judicial cases;”.

20 (d) **SPECIAL AUTHORITIES FOR CERTAIN COUN-**
21 **TRIES.**—Funds made available for fiscal year 1994 to
22 carry out section 534 of that Act may be used, not-
23 withstanding section 660 of that Act, to provide assistance
24 as follows:

(1) PANAMA.—Up to \$10,000,000 may be made available for Panama for the following:

(A) Technical assistance, training, and commodities with the objective of creating a professional civilian police force, except that assistance under this subparagraph—

(i) shall not include more than \$5,000,000 for the procurement of equipment for law enforcement purposes, and

(ii) shall not include lethal equipment.

(B) Programs to improve penal institutions and the rehabilitation of offenders, which may include programs that are not conducted through multilateral or regional institutions.

(2) EL SALVADOR.—Funds allocated for El Salvador may be used for law enforcement assistance in a manner consistent with the Salvadoran Peace Accords.

(e) NICARAGUA.—For fiscal year 1994, section 660 of the Foreign Assistance Act of 1961 shall not apply with respect to assistance for Nicaragua.

SEC. 1315. WAIVER OF BROOKE AMENDMENT FOR NICARAGUA.

Section 620(q) of the Foreign Assistance Act of 1961 and the corresponding section of the Foreign Operations,

1 Export Financing, and Related Programs Appropriations
 2 Act, 1994, shall not apply to funds made available for fis-
 3 cal year 1994 for any assistance for Nicaragua under the
 4 Foreign Assistance Act of 1961 or the Arms Export Con-
 5 trol Act.

6 **SEC. 1316. SPECIAL NOTIFICATION REQUIREMENTS FOR**
 7 **GUATEMALA AND PERU.**

8 Funds made available for fiscal year 1994 to carry
 9 out the Foreign Assistance Act of 1961 or for the "For-
 10 eign Military Financing Program" account under section
 11 23 of the Arms Export Control Act may not be obligated
 12 for assistance for Guatemala or Peru unless the congres-
 13 sional committees specified in section 634A(a) of the For-
 14 eign Assistance Act of 1961 are notified at least 15 days
 15 in advance in accordance with the reprogramming proce-
 16 dures applicable under that section.

17 **SEC. 1317. ASSISTANCE FOR THE MIDDLE EAST.**

18 (a) **ISRAEL.**—

19 (1) **ECONOMIC SUPPORT FUND.**—Of the
 20 amounts made available for fiscal year 1994 for as-
 21 sistance under chapter 4 of part II of the Foreign
 22 Assistance Act of 1961, not less than
 23 \$1,200,000,000 shall be available only for Israel.

24 (2) **FOREIGN MILITARY FINANCING.**—(A) Of
 25 the amounts made available for fiscal year 1994 for

1 assistance under the "Foreign Military Financing
2 Program" account under section 23 of the Arms Ex-
3 port Control Act, not less than \$1,800,000,000 shall
4 be available only for Israel.

5 (B) To the extent that the Government of Is-
6 rael requests that funds be used for such purposes,
7 funds made available for Israel pursuant to this
8 paragraph shall, as agreed by Israel and the United
9 States, be available for advanced fighter aircraft
10 programs or for other advanced weapons systems, as
11 follows:

12 (i) Up to \$150,000,000 shall be available
13 for research and development in the United
14 States.

15 (ii) Not less than \$475,000,000 shall be
16 available for the procurement in Israel of de-
17 fense articles and defense services, including re-
18 search and development.

19 (3) **EARLY DISBURSEMENT.**—The assistance
20 provided for Israel pursuant to paragraphs (1) and
21 (2) shall be disbursed within 30 days after the date
22 of enactment of the Foreign Operations, Export Fi-
23 nancing, and Related Programs Appropriations Act,
24 1994. or by October 31. 1993, whichever is later.

25 (b) **EGYPT.**—

1 (1) ECONOMIC SUPPORT FUND.—Of the
2 amounts made available for fiscal year 1994 for as-
3 sistance under chapter 4 of part II of the Foreign
4 Assistance Act of 1961, not less than \$815,000,000
5 shall be available only for Egypt.

6 (2) FOREIGN MILITARY FINANCING.—Of the
7 amounts made available for fiscal year 1994 for as-
8 sistance under the “Foreign Military Financing Pro-
9 gram” account under section 23 of the Arms Export
10 Control Act, not less than \$1,300,000,000 shall be
11 available only for Egypt.

12 (c) COOPERATIVE DEVELOPMENT PROJECTS.—Of
13 the amounts made available for fiscal year 1994 to carry
14 out chapter 4 of part II of the Foreign Assistance Act
15 of 1961 (relating to the economic support fund), not less
16 than \$10,000,000 shall be available only for cooperative
17 projects among the United States, Israel, and developing
18 countries, including projects under the Cooperative Devel-
19 opment Program, cooperative development research
20 projects, and cooperative projects among the United
21 States and Israel and the countries of Eastern Europe,
22 the Baltic states, and the independent states of the former
23 Soviet Union.

24 (d) MIDDLE EAST REGIONAL COOPERATIVE PRO-
25 GRAMS.—Of the amounts made available for fiscal year

1 1994 to carry out chapter 4 of part II of the Foreign As-
 2 sistance Act of 1961 (relating to the economic support
 3 fund), not less than \$7,000,000 shall be available only for
 4 Middle East regional cooperative programs carried out in
 5 accordance with section 202(c) of the International Secu-
 6 rity and Development Cooperation Act of 1985.

7 **SEC. 1318. MILITARY DRAWDOWN FOR ISRAEL.**

8 Section 599B(a) of the Foreign Operations, Export
 9 Financing, and Related Programs Appropriations Act,
 10 1991, is amended by inserting "and fiscal year 1994"
 11 after "fiscal year 1993".

12 **TITLE XIV—PROVISIONS**
 13 **RELATING TO ARMS TRANSFERS**

14 **SEC. 1401. COMPETITIVE PRICING FOR SALES OF DEFENSE**
 15 **ARTICLES AND SERVICES.**

16 (a) **COSTING BASIS.**—Section 22 of the Arms Export
 17 Control Act is amended by adding at the end the following:

18 "(d) **COMPETITIVE PRICING.**—Procurement con-
 19 tracts made in implementation of sales under this section
 20 for defense articles and defense services wholly paid from
 21 funds made available on a nonrepayable basis shall be
 22 priced on the same costing basis with regard to profit,
 23 overhead, independent research and development, bid and
 24 proposal, and other costing elements, as is applicable to

1 procurements of like items purchased by the Department
2 of Defense for its own use.”.

3 (b) **EFFECTIVE DATE AND IMPLEMENTING REGULA-**
4 **TIONS.**—The amendment made by subsection (a)—

5 (1) shall be effective as of the 60th day fol-
6 lowing the date of the enactment of this section;

7 (2) shall be applicable only to contracts made in
8 implementation of sales made after such effective
9 date; and

10 (3) shall be implemented by revised procure-
11 ment regulations, which shall be issued prior to such
12 effective date.

13 **SEC. 1402. INCREASE IN AGGREGATE CEILING ON TRANS-**
14 **FERS OF EXCESS DEFENSE ARTICLES.**

15 Effective October 1, 1993, section 31(d) of the Arms
16 Export Control Act is amended by striking
17 “\$250,000,000” and inserting “\$375,000,000”.

18 **SEC. 1403. ELIGIBILITY OF EAST EUROPEAN COUNTRIES TO**
19 **RECEIVE NONLETHAL EXCESS DEFENSE AR-**
20 **TICLES.**

21 (a) **IN GENERAL.**—Section 519(a) of the Foreign As-
22 sistance Act of 1961 is amended by inserting “or to any
23 East European country (as defined in section 3 of the
24 Support for East European Democracy (SEED) Act of
25 1989) other than an East European country that is pro-

1 hibited from receiving assistance under that Act," after
2 "in which the transfer is authorized".

3 (b) CONFORMING AMENDMENT.—Section 906(a) of
4 the Freedom for Russia and Emerging Eurasian Democ-
5 racies and Open Markets Support Act of 1992 is
6 amended—

7 (1) by striking paragraph (2);

8 (2) by striking "eligible—" through "(1) to
9 purchase" and inserting "eligible to purchase";

10 (3) by redesignating subparagraphs (A) and
11 (B) as paragraphs (1) and (2), respectively; and

12 (4) by striking "; and" at the end of paragraph
13 (1), as so redesignated, and inserting a period.

14 **SEC. 1404. EXCEPTION TO PAYMENT OF FULL COST FOR**
15 **SALES OF DEFENSE TRAINING SERVICES TO**
16 **CERTAIN COUNTRIES AND INTERNATIONAL**
17 **ORGANIZATIONS.**

18 Section 21(a) of the Arms Export Control Act is
19 amended—

20 (1) in paragraph (1)(C)—

21 (A) by inserting "(i)" after "sold to",

22 (B) by inserting "or (ii) to a purchaser de-
23 scribed in paragraph (3)" after "Act of 1961",
24 and

1 (C) by striking "such assistance" and in-
 2 serting "such training"; and

3 (2) by adding after paragraph (2) the following:

4 "(3) Clause (ii) of paragraph (1)(C) applies in the
 5 case of a purchaser of training under this section if the
 6 President notifies the Committee on Appropriations, the
 7 Committee on Armed Services, and the Committee on For-
 8 eign Relations of the Senate and the Committee on Appro-
 9 priations, the Committee on Armed Services, and the
 10 Committee on Foreign Affairs of the House of Rep-
 11 resentatives, in accordance with the regular notification
 12 procedures of those committees, at least 15 days before
 13 issuing a letter of offer to sell such training. Such notifica-
 14 tion shall include a description of any reciprocal benefits
 15 that the United States Government will receive in ex-
 16 change for the sale of such training on less than a full
 17 cost basis."

18 **SEC. 1405. ELIGIBILITY OF MAJOR NON-NATO ALLIES TO**
 19 **RECEIVE CERTAIN CONTRACT SERVICES IN**
 20 **CONNECTION WITH SALES OF DEFENSE ARTI-**
 21 **CLES AND SERVICES.**

22 (a) **AUTHORIZATION.**—Section 21(h) of the Arms Ex-
 23 port Control Act is amended—

1 (1) in paragraph (1)(A), by inserting "or which
2 is a major non-NATO ally" after "Treaty Organiza-
3 tion";

4 (2) in paragraph (2), by striking "if that Orga-
5 nization or member government" and inserting "or
6 to any major non-NATO ally, if that Organization,
7 member government, or major non-NATO ally"; and

8 (3) by adding at the end the following new
9 paragraph:

10 “(3) As used in this subsection, the term ‘major non-
11 NATO ally’ has the meaning given such term in section
12 2350a(i)(3) of title 10, United States Code.”.

(b) **EFFECTIVE DATE.**—Notwithstanding section 21(h)(1) of that Act, the amendment made by subsection (a)(1) applies with respect to contracts and subcontracts entered into after the date of enactment of this Act.

17 SEC. 1406. ADDITIONS TO WAR RESERVE STOCKPILES FOR
18 ALLIES.

19 Section 514(b)(2) of the Foreign Assistance Act of
20 1961 is amended by adding at the end the following: "Ex-
21 cept as provided in the last two sentence of this para-
22 graph, the value of such additions to stockpiles in foreign
23 countries in fiscal year 1994 shall not exceed \$72,000,000,
24 which shall be for stockpiles in the Republic of Korea. In
25 addition, to the extent that the authority of the first sen-

1 tence of this paragraph has not been exercised with re-
 2 spect to Israel in fiscal year 1993, that authority may be
 3 exercised during fiscal year 1994 except that the aggre-
 4 gate value of such additions for Israel in both such fiscal
 5 years may not exceed \$200,000,000. Defense articles hav-
 6 ing an aggregate value of not to exceed \$20,000,000 may
 7 be added to stockpiles in Thailand in fiscal years 1993
 8 and 1994.”.

9 **TITLE XV—OTHER FOREIGN** 10 **ASSISTANCE PROVISIONS**

11 **SEC. 1501. INTEREST ACCRUING TO NONGOVERNMENTAL** 12 **ORGANIZATIONS.**

13 (a) IN GENERAL.—Chapter 1 of part III of the For-
 14 eign Assistance Act of 1961 is amended by inserting after
 15 section 617 the following:

16 **“SEC. 618. INTEREST ACCRUING TO NONGOVERNMENTAL** 17 **ORGANIZATIONS.**

18 “A nongovernmental organization may place in an in-
 19 terest bearing account—

20 “(1) funds made available on a grant basis
 21 under part I of this Act or under the Support for
 22 East European Democracy (SEED) Act of 1989;
 23 and

24 “(2) local currencies which accrue to that orga-
 25 nization as a result of grant assistance provided

1 under part I of this Act or assistance under titles I
 2 through III of the Agricultural Trade Development
 3 and Assistance Act of 1954, section 416(b) of the
 4 Agricultural Act of 1949, or the Food for Progress
 5 Act of 1985.

6 Any interest so earned may be retained by the non-
 7 governmental organization and used for the purpose for
 8 which the assistance was provided to that organization.”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section applies to both interest earned before and in-
 11 terest earned after the date of enactment of this Act.

12 SEC. 1502. PRIVATE SECTOR REVOLVING FUND.

13 Section 108 of the Foreign Assistance Act of 1961
 14 is amended by adding at the end the following:

15 “(j) TERMINATION OF AUTHORITY.—After the date
 16 of enactment of this subsection, loans may not be made,
 17 loan guarantees may not be issued, previously issued guar-
 18 antees may not be renewed or otherwise extended, and as-
 19 sistance may not otherwise be provided under the author-
 20 ity of this section.”.

21 SEC. 1503. DEVELOPMENT ASSISTANCE THROUGH NON- 22 GOVERNMENTAL ORGANIZATIONS.

23 Chapter 1 of part III of the Foreign Assistance Act
 24 of 1961 is amended by inserting before section 620 the
 25 following:

1 **"SEC. 619. ASSISTANCE THROUGH NONGOVERNMENTAL OR-**
2 **GANIZATIONS.**

3 **"(a) DEVELOPMENT ASSISTANCE.**—Restrictions con-
4 tained in this or any other Act with respect to assistance
5 for a country shall not restrict assistance in support of
6 programs of nongovernmental organizations that is pro-
7 vided under chapter 1 or chapter 10 of part I of this Act.
8 The President shall take into consideration, in any case
9 in which a restriction on assistance would be applicable
10 but for this section, whether assistance in support of pro-
11 grams of nongovernmental organizations is in the national
12 interest of the United States.

13 **"(b) NOTICE TO CONGRESS.**—Before using the au-
14 thority of this section to furnish assistance in support of
15 programs of nongovernmental organizations, the President
16 shall notify the congressional committees specified in sec-
17 tion 634A(a) of this Act in accordance with the procedures
18 applicable to reprogramming notifications under that sec-
19 tion. Such notice shall include a description of the pro-
20 gram to be assisted, the assistance to be provided, and
21 the reasons for furnishing such assistance.

22 **"(c) EXCEPTIONS.**—This section shall not apply with
23 respect to—

24 **"(1)** section 620A of this Act or any com-
25 parable provision of law prohibiting assistance to
26 countries that support international terrorism; or

1 “(2) section 116 of this Act or any comparable
2 provision of law prohibiting assistance to countries
3 that violate internationally recognized human rights.

4 “(d) ABORTION AND INVOLUNTARY STERILIZATION
5 PROHIBITIONS.—Nothing in this section alters any statu-
6 tory prohibition against funding for abortion or involun-
7 tary sterilizations.”.

8 **SEC. 1504. IMPACT OF FOREIGN ASSISTANCE PROGRAMS**
9 **ON JOBS IN THE UNITED STATES.**

10 Funds authorized to be appropriated by this Act for
11 foreign assistance programs for fiscal year 1994 may not
12 be obligated or expended to provide—

13 (1) any financial incentive to a business enter-
14 prise located in the United States for the purpose of
15 inducing that enterprise to relocate outside the Unit-
16 ed States if such incentive or inducement is likely to
17 reduce the number of individuals employed in the
18 United States by that enterprise because that enter-
19 prise would replace production in the United States
20 with production outside the United States;

21 (2) assistance for the purpose of establishing or
22 developing in a foreign country any export process-
23 ing zone or designated area in which the tax, tariff,
24 labor, environment, and safety laws of that country
25 do not apply, in part or in whole, to activities car-

1 ried out within that zone or area, unless the Presi-
2 dent determines and certifies that such assistance is
3 not likely to cause a loss of jobs within the United
4 States; or

5 (3) assistance for any project or activity that
6 contributes to the violation of internationally rec-
7 ognized workers rights (as defined in section
8 502(a)(4) of the Trade Act of 1974) of workers in
9 the recipient country, including in any designated
10 zone or area in that country.

11 In recognition that the application of paragraph (3) should
12 be commensurate with the level of development of the re-
13 cipient country and sector, that paragraph does not pre-
14 clude assistance for the informal sector in such country,
15 for microenterprises and small-scale enterprises, or for
16 smallholder agriculture.

17 **SEC. 1505. CAPITAL PROJECTS.**

18 Part III of the Foreign Assistance Act of 1961 is
19 amended by inserting after section 661 the following:

20 **"SEC. 662. CAPITAL PROJECTS.**

21 "(a) **ESTABLISHMENT OF PILOT PROGRAM.**—The
22 Director of the Trade and Development Agency shall es-
23 tablish a capital projects pilot program to carry out the
24 purpose described in subsection (b).

1 “(b) PURPOSE OF PROGRAM.—The purpose referred
2 to in subsection (a) is to develop a program administered
3 by TDA that would focus solely on developmentally sound
4 capital projects in developing countries and in countries
5 making the transition from a nonmarket to a market econ-
6 omy, taking into consideration the development needs of
7 the host country and the export opportunities for the Unit-
8 ed States.

9 “(c) ACTIVITIES.—The Director, in coordination with
10 the appropriate other members of the Trade Promotion
11 Coordination Committee—

12 “(1) shall support capital projects in developing
13 countries and in countries making the transition
14 from a nonmarket to a market economy; and

15 “(2) shall periodically review infrastructure
16 needs in these countries and shall explore opportuni-
17 ties for United States firms in the development of
18 new capital projects in these countries, keeping both
19 United States firms and the Congress informed of
20 these reviews.

21 “(d) GUARANTEE AUTHORITY.—In addition to mak-
22 ing grants to carry out this section, the Director is author-
23 ized to issue guarantees to eligible investors (as defined
24 in section 238(c)) assuring against losses incurred in con-
25 nection with loans obtained by such investors to finance

1 their participation in capital projects described in sub-
2 section (b). A fee shall be charged for each such guarantee
3 issued in an amount to be determined by the Director.

4 “(e) **PROCUREMENT FROM THE UNITED STATES.**—
5 Guarantees and other financial support provided for cap-
6 ital projects under this section shall be provided for pro-
7 curement of goods and services from the United States
8 to the maximum extent possible, consistent with the guide-
9 lines of the Organization for Economic Cooperation and
10 Development.

11 “(f) **PROJECTS TO BE DEVELOPMENTALLY SOUND.**—
12 The Director, in coordination with the appropriate other
13 members of the Trade Promotion Coordination Committee
14 shall ensure that each capital project for which TDA pro-
15 vides financial support is developmentally sound, as deter-
16 mined under the criteria developed by the Development
17 Assistance Committee of the Organization for Economic
18 Cooperation and Development.

19 “(g) **COORDINATION.**—The President shall utilize the
20 existing interagency coordinating mechanism to coordinate
21 activities under this section with other relevant activities
22 of the United States Government.

23 “(h) **NONAPPLICABILITY OF OTHER PROVISIONS.**—
24 Any funds used for purposes of this section may be used
25 notwithstanding any other provision of law.

1 “(i) **REPORT TO CONGRESS.**—Not later than 1 year
2 after the date of enactment of this section, the Director
3 shall submit to the Congress a report describing—

4 “(1) the extent to which United States Govern-
5 ment resources have been expended specifically to
6 support the capitol projects described in subsection
7 (b);

8 “(2) the extent to which the activities of the
9 United States Government have been coordinated
10 pursuant to subsection (g); and

11 “(3) the feasibility of establishing a permanent
12 program modeled on the pilot program establishment
13 pursuant to this section.

14 “(j) **FUNDING.**—

15 “(1) **IN GENERAL.**—Notwithstanding the per-
16 centage limitations in section 610(a), the President
17 shall transfer \$300,000,000 of funds specified in
18 paragraph (2) to TDA for use in carrying out this
19 section, including the cost (as defined in section
20 502(5) of the Federal Credit Reform Act of 1990)
21 of guarantees issued under subsection (d).

22 “(2) **SOURCE OF FUNDS.**—The funds specified
23 in this paragraph are—

24 “(A) funds made available for fiscal year
25 1994 for assistance under chapter 4 of part II

1 of this Act (relating to the economic support
2 fund), excluding funds made available pursuant
3 to subsections (a)(1), (c), and (d) of section
4 1317 of the Foreign Assistance Authorization
5 Act of 1993;

6 “(B) funds made available for fiscal year
7 1994 for assistance under chapter 11 of part I
8 of this Act (relating to assistance for the inde-
9 pendent states of the former Soviet Union); and

10 “(C) funds made available for fiscal year
11 1994 for assistance under the Support for East
12 European Democracy (SEED) Act of 1989.

13 “(3) FUNDS TO BE USED TO SUPPORT CAPITAL
14 PROJECTS IN COUNTRIES FOR WHICH ORIGINAL
15 FUNDING WAS PROVIDED.—(A) Any funds described
16 in paragraph (2)(A) that are earmarked by the Con-
17 gress for a specific country and that are transferred
18 pursuant to paragraph (1) shall be used to support
19 capital projects in that country.

20 “(B) Any funds described in paragraph (2)(B)
21 that are transferred pursuant to paragraph (1) shall
22 be used to support capital projects in countries eligi-
23 ble for assistance under chapter 11 of part I of this
24 Act.

“(C) Any funds described in paragraph (2)(C) that are transferred pursuant to paragraph (1) shall be used to support capital projects in countries eligible for assistance under the Support for East European Democracy (SEED) Act of 1989.

“(k) DEFINITIONS.—As used in this section—

“(1) the term ‘capital projects’ means a project involving the construction, expansion, alteration of, or the acquisition of equipment for, a physical facility or physical infrastructure, including related engineering design (concept and detail) and other services, the procurement of equipment (including any related services), and feasibility studies or similar engineering and economic services;

“(2) the term ‘Director’ means the Director of TDA; and

“(3) the term ‘TDA’ means the Trade and Development Agency.”.

SEC. 1506. MICROENTERPRISE DEVELOPMENT.

Chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by adding after title V the following:

“TITLE VI—MICROENTERPRISE DEVELOPMENT

“SEC. 251. MICROENTERPRISE DEVELOPMENT.

“(a) CENTRALLY-MANAGED FUND.—

“(1) ESTABLISHMENT AND MANAGEMENT.—

The administrator of the agency primarily respon-

sible for administering this part shall establish within the agency a centrally-managed fund to be known as the Microenterprise Development Fund (hereinafter in this section referred to as the 'Fund'). The Fund shall be managed by the office in that agency that has primary responsibility for working with private and voluntary organizations.

"(2) DISBURSEMENTS THROUGH THE FUND.—

All funds made available to carry out part I of this Act that are used to promote microenterprise development shall be disbursed through the Fund.

"(b) ACTIVITIES TO BE SUPPORTED.—The Fund shall be used to support—

"(1) the institutional development of the entities described in subsection (c);

"(2) the provision of microenterprise credit through the entities described in subsection (c); and

"(3) research on microenterprise development and evaluation of microenterprise activities funded under this section.

"(c) INTERMEDIARY ORGANIZATIONS.—Funds disbursed through the Fund shall be primarily channeled through—

"(1) United States and indigenous private and voluntary organizations.

1 “(2) United States and indigenous credit union
2 organizations, and

3 “(3) other indigenous governmental and non-
4 governmental organizations,
5 that have demonstrated a capacity to develop sustainable
6 microenterprise service institutions.

7 “(d) ALLOCATION OF FUNDS.—

8 “(1) MICROENTEPRISE CREDIT.—(A) Of
9 amounts disbursed through the Fund each fiscal
10 year pursuant to subsection (b)(2), at least 50 per-
11 cent shall be used for poverty lending. As used in
12 this paragraph, the term ‘poverty lending’ means a
13 loan of \$300 or less or, in the case of an initial loan,
14 of \$150 or less.

15 “(B) The administrator of the agency primarily
16 responsible for administering this part shall seek to
17 ensure that not less than 60 percent of the borrow-
18 ers of funds disbursed through the Fund pursuant
19 to subsection (b)(2) are women.

20 “(2) RESEARCH AND EVALUATION.—Not more
21 than 5 percent of funds disbursed through the Fund
22 each fiscal year may be used for research and eval-
23 uation activities under subsection (b)(3).”.

1 **SEC. 1507. REPORT ON AID'S IMPLEMENTATION OF AGENDA**

2 **21 PRINCIPLES.**

3 Not later than 2 years after the date of enactment
4 of this Act, the administrator of the agency primarily re-
5 sponsible for administering part I of the Foreign Assist-
6 ance Act of 1961 shall submit to the Congress a report
7 on the incorporation of the Agenda 21 principles of the
8 United Nations Conference on Environment and Develop-
9 ment into the foreign assistance activities administered by
10 that agency.

11 **SEC. 1508. AUTHORITY TO PROVIDE RECONSTRUCTION AS-**
12 **SISTANCE UNDER INTERNATIONAL DISASTER**

13 **ASSISTANCE.**

14 Section 491(b) of the Foreign Assistance Act of 1961
15 is amended by striking "disaster relief and rehabilitation"
16 and inserting "disaster relief, rehabilitation, and recon-
17 struction".

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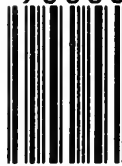


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